

Marketing of Jute – Some Related Issues of Growers' Concern

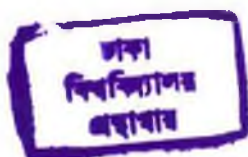
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**Thesis submitted to University of Dhaka in partial fulfillment
of the requirements for the award of the Degree of
DOCTOR OF PHILOSOPHY in Economics**

By

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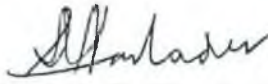
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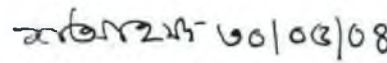
Declaration

This thesis titled 'Marketing of Jute – Some Related Issues of Growers' Concern' by Mr. Abdur Rashid Negaban at the Department of Economics, University of Dhaka towards the degree of Doctor of Philosophy has not been submitted for any other degree of this University or any other University, and it is entirely his own work.

We recommend that this thesis be placed before the examiners for evaluation.


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402488

Abdur Rashid Negaban



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ABSTRACT OF THESIS

Issues Involved in Marketing of Jute:

The issue of an improved marketing of jute is a common concern to the growers. Improved marketing can benefit the growers in several ways : by enabling them to get a fair price*; to sell when price is higher; to invest their income in other sectors. In the absence of marketing facilities in the primary market farmers are deprived of these benefits. However, marketing facilities like grading, storage, financing are available in the secondary market (baling centres) but high cost of marketing services in these centres put obstacles in the way of getting a fair price by the growers in the primary market.

The present study examined existing marketing facilities in the primary market. What new facilities are to be created in the primary market and the mechanism through which these facilities can be created etc. At present, the link between the primary market and the secondary market is also thin since most of the marketing facilities are available in the secondary market but absent in the primary market.

The issue of marketing is important since the price of jute received by growers during harvest time in some areas can barely cover cost of production, the ratio of jute-paddy price is going against jute, growers' share in terminal price is decreasing and prices of other consumable items are increasing faster than does the price of jute.

* A fair price can be defined as the amount which covers all costs including a normal profit (mark-up) accruing to the growers due to organisation of production, investment and risk taking.

These affect the incentives of the growers in the cultivation of jute and their investment in cultivation of paddy at present, and the entire agricultural sector of the economy of Bangladesh.

Hypothesis:

The underlying hypotheses are: Although the average revenue received by the growers of jute have shown a favourable trend due to development of rural transportation and selling of jute at hats and bazars by growers themselves, still the deviation of the actual price from the fair price is large. The deviation which constitutes the exploitation of growers by middleman-traders is adversely affecting production of jute and investment in other sectors.

Methodology:

Since ours is a study concerning the primary market. We followed in the method of study to interview the growers. Growers are the sellers of their own jute in the primary market and buyers are small Farias, Beparis, merchants and agents of balers and mills. So in our study we included growers and all other traders as samples. The Socio Economic Research Board, Dhaka University, in their study on 'Marketing of Jute in East Pakistan', 1958 left the growers out of their study which in the preface of that report was cited as a serious shortcomings.

For drawing samples of growers we have taken one Union from each of the jute growing areas of Bangladesh. Thus from the Jat Area we took Palashtali Union under Raipura P.S. of Narsingdi districts; from the District Area Ulgi Union under Bhanga P.S. of Faridpur District and from the Northern Area Pairabanth Union under Mithapukur P.S. of Rangpur. We used Fisher's Random Sample Chart for drawing samples of growers. Farmers of different sizes were classified as big, medium and small according to the Census of Agriculture and Livestock, 1983-84. We interviewed 100 growers from the Jute producing areas.

Besides, we interviewed 100 Farias and Beparis, 20 kutcha bales, 10 pucca bales, 10 jute mills and Aratdars associations at Narayanganj and Daulatpur.

Findings of the Study:

1. There is more early of jute at present than in the past. The peak of sale was achieved in the month of August. According to Indian Central Jute Committee Reports 1941-42, the peak of sale of jute was in the month of September. More early sale of jute is needed since farmers need cash income for the purchase of labour and capital inputs for cultivation of HYV transplanted aman paddy in July-August. There was also a change in the cropping pattern in the survey areas. They cultivate more of HYV Aus / Boro instead of local Aus due to improved method of cultivation. The motive of the growers for cultivation of jute has also changed. In the past, the belief was that the growers sell early in order to purchase shortage of food (rice) during the lean period of the year before harvesting of Aman in Autumn. But now growers sell jute primarily for producing food (through cultivation of Aman paddy) and only occasionally for purchasing food. Only the small sized farmers owning holding size below 2.5 acres (small farmers of our samples) spend on purchasing food directly but big and medium sized farmers spend more on cultivating T. Aman in July-August for meeting demand for food.
2. Not only the farmers sell early, they also spend the income from sale of jute before December, the first half of the season and most of their expenditure is on investment in cultivation of T. Aman. Rabi Crops, purchase of land and power animals. They also spend on daily marketing as well as on food. In Raipura farmers invest 70.38 p.c. for agricultural purposes and their expenditure on daily marketing and food was less than

20 p.c. and the total income they spend before December. In Mithapukur as well farmers invest 70.89 p.c. on agricultural purposes and 22.19 p.c. on daily marketing and purchase of food. They also spent income from jute before December. In Bhanga farmers spent less on agricultural purposes only 44 p.c. but more they spent on daily marketing and food which constituted 34.17 p.c. of income from jute. They also keep a surplus of income at hand after December. Total use of income from jute before December has the implication that the growers cannot store jute for later sale that requires adequate finance against storage of jute.

3. A favourable change is observed in the behaviour of the growers in the primary market. They are taking their jute at village hats themselves instead of selling at homes. This also reduced their dependence on itinerant Farias and Beparis who earlier charged Dhalak (excess) and resorted to malpractices like watering of jute. This was made possible due to development of rural road transportation and availability of light vehicles like rickshaws vans, lorries etc.
4. Growers admitted they have no speculative motive regarding sale of jute. They are compelled to sell during the harvest time although price at that time remains lower. In the survey areas growers sold 80 p.c. by December and the maximum quantity they sold during harvest time (July-October). In Raipura farmers sold 74.17 p.c. during harvest time, in Mithapukur farmers sold 74.75 p.c. during that time. The harvest time in Bhanga extends till November and farmers sold 70.0 p.c. till November.
5. During harvest time price is less than price after the harvest time by a wide margin. Growers received the lower price during harvest time. In Raipura the average price of white jute was Tk. 211.66 per md. during harvest time

but rose to Tk. 270.0 per md. after November in the season 1994-95 (the surey year). During peak of sale in August, price per md. was only Tk. 208.33. For tossa jute average price during the same time was Tk. 288.10 per md. but rose to Tk. 313.26 after harvest time. Similarly, in Mithapukur, the average price of white jute was Tk. 216.49 per md. during harvest time but rose to Tk. 270.0 after harvest time. Price of tossa jute was Tk. 226.50 per month during harvest time but rose to Tk. 293.25 per md. after harvest time. In Bhanga quality tossa jute is grown. Price during the harvest time was Tk. 344.96 per md. but rose to Tk. 400.0 and above after November. It may be mentioned price of loose jute was not uniform between different areas. Sometimes the price difference between two areas is as wide as Tk. 100-200 per md. Quality difference is cited as the reason. Growers also suffer from instability of prices from one season to another season. Different price expectation model found the source of this fluctuation in acreage fluctuation due to change in relative price of jute and paddy.

6. In so far as the lower harvest time price of loose jute is concerned, early sale of jute by the growers is held responsible. However, the imperfect nature of marketing of jute as well as absence of marketing facilities in the primary market are no less responsible. Price in the primary market is determined under imperfect conditions. Primary traders (Farias and Beparis) who lift jute in the primary market on orders placed by Aratdars, Balers and shippers as well as agents of mills are not aware of the spinning quality of jute. Moreover, jute is not a homogeneous commodity and eye estimation of quality is the rule. Big traders in the secondary market do not always accept the quality judgement of small traders. Extra quantity charged for quality difference varies between 1 and 1.5 mds. at

Narayanganj. In the primary market all loose jute is regarded as Bottom quality irrespective of different qualities of jute in a lot and price is lowered accordingly. Further, growers cannot gather information of the prices of jute at different hats as well as in the baling centres, they prefer to sell at hats near to their homes. Under these circumstances, price of loose jute received by the growers are not at all competitive but manipulated by the powerful middle man traders who are also organised. Individual growers and dealers in the primary market are scattered and cannot compete with the organised group of traders in the secondary market.

For wide price differential between two regions, the difference in quality is cited as the most important reason, although inability of farmers to take jute beyond the nearest hats is no less responsible. Distance from terminal market, cost of transport are also factors. Dealers usually take advantage of the market situation to control market price in their favour. Price of loose jute is more rigid in the primary market since only bottom grade jute is transacted there but in the baling centres the range is wide due to assortment and graded sale of jute.

7. Marketing facilities like grading, standardization, storage, warehousing, financing by banks, market intelligence are also absent in the primary market but these facilities are available in the secondary market. However, high rates imposed for these services put a burden on the traders in the primary market and they in turn pay a lower price of loose jute to the growers. Big dealers (merchants) pay a price of loose jute brought from primary market after taking into account the transport cost as well as processing costs in the secondary market such as quality estimation (Jachandari), weighing (Kayali), stacking and help in taking weight

(Mapani), labor cost of loading and unloading (Coolee charge), market toll (Khajna), Aratdars' commission (Aratdari). There is also excess for handling shortage and deduction for quality difference. Costs of these charges went up from Tk. 12.90 per md in 1980 to Tk. 30.31 per md. in 1994-95. Kutcha and pucca baling costs in the secondary market has also risen double since 1980. Kutcha baling costs per md. was Tk. 16.75 in 1980 but rose to Tk. 33.87 in 1994-95. Pucca baling costs was Tk. 35.97 per md. in 1980 but rose to Tk. 66.80 per md. in 1994-95. When processing costs of loose jute as well as baled jute are on the rise in the secondary market, price of loose jute in the primary market remains under downward pressure.

8. The present situation of price of jute is such that it is difficult to meet costs of production in certain areas. In Raipura, one of our survey areas, cost of cultivation of an acre of jute was Tk. 7,332.42 and yield per acre was 24.65 mds. Cost per md. was, therefore, Tk. 297.46. As we have already pointed out average price of White jute was Tk. 211.67 per md. and of Tossa jute Tk. 288.10 per md. during harvest time in the season 1994-95 in that area. Thus price of fibre alone could not cover the cost of production unless the price of jute stick is included. Jute stick is used only for domestic purposes and market price per md. was Tk. 60.0. In another area Mithapukur costs incurred for cultivation of jute was less and yield per acre was also less. Yield was 18 mds. per acre and costs was Tk. 3,898.82. Costs per md. of jute was, therefore, Tk. 216.60. Average price of white jute was Tk. 216.49 per md. and of tossa jute Tk. 226.50 per md. during harvest time in 1994-95. In this area also price could barely cover the cost of fibre and leave little surplus. Only in Bhanga price was more than costs of cultivation since

high quality tossa jute produced in that region. Cost of cultivation of an acre of tossa jute was Tk. 5,729.68 and yield per acre was 24.39 mds. Thus costs per md. was Tk. 234.92 and price per md. of tossa jute during harvest time was Tk. 316.12 in the season 1994-95. Price of fibre was more than cost of production and a surplus was also earned. Thus out of the three areas, cultivation of tossa jute was found profitable in Bhanga but in the other two areas price received by growers could not be called a fair in the sense we defined the term (footnote of first paragraph).

9. Broadcasting Aman paddy (B. Aman) is the substitute crop of jute in Bhanga but HYV Boro / Aus is the substitute crop of jute in Raipura and Mithapukur. Improved methods of cultivation are followed in case of cultivation of HYV Boro / Aus. Return from Boro is 2.45 times more of jute in Raipura and 3.12 times more of jute in Mithapukur. But in the case of B. Aman no such improved method of cultivation is being followed in Bhanga. It is also a low lying area. There return from jute is 1.78 times higher than return from B. Aman.

In the past the common belief among farmers was that they would be able to buy two maunds of paddy by selling one maund of jute. At that time local Aus was cultivated as substitute crop of jute almost in all the areas. This ratio no longer holds good since return from HYV Boro paddy is more than twice the return from jute.

10. Cost and return from jute, ratio of jute-paddy return on the same acreage, growers price as a share of terminal price and rise in the index of the price of other consumable items in comparison with index of the price of jute are some of the criteria used to judge the fairness of the prices of jute received by the growers. Index of the price of other consumable items like cereals,

oil seeds, pulses, spices, vegetables is rising faster than in rise in the index of price of jute. Index of the price of jute was 100 in 1979-80 (taking base price of 1976-77=100) and the index rose to 235 in 1994-95. Compared to the index of price of jute, index of the price of general commodities went up from 157 in 1979-80 to 396 in 1994-95 using the same base price (1976-77=100).

According to Socio Economic Research Board, Dhaka University, growers share in terminal price was 72.12 p.c. in 1958 but the share dropped to 69.64 p.c. according to the Jute Enquiry Commission in 1960. According to our calculation the present share is 64.61 p.c. in 1994-95. This fall in share is due to rapid rise in marketing costs in the secondary market which rose double since 1980.

We have already stated above return from HYV paddy is more than twice the return from jute and the belief that farmers could buy two mds. of paddy by selling one maund of jute no longer holds good.

Further, price of jute during harvest time could hardly cover the costs of production in two of our survey areas viz. Raipura and Mithapukur. Under these circumstances, the question of the fairness of the price of jute to the growers is out of the question.

Conclusion:

There are few formidable obstacles in the way of growers getting a fair price of their jute although it is a good sign that growers themselves are selling their jute at hats instead of waiting for Farias and Beparis to collect jute from their homes. This has controlled the malpractices of Farias and Beparis like imposing of Dhalak and mixing water with dried jute. But the present monopoly power of the big traders in the secondary market will push prices of loose jute in the

primary market down unless equal facilities of marketing like graded sale of jute, storing of jute and financing of loose jute are created in the primary market.

Policy Implications:

Marketing facilities in the primary market cannot be made available by individual effort. There is need for organised marketing in primary market like the regulated marketing in cotton in Berar, Bombay and Punjab in India. There may be organised marketing through Cooperative Sales Societies of jute whose members will be growers as well. The extended role of an organised market will be to maintain order in the primary market, post price list according to different grades, supply market intelligence, create storage facilities, grading of jute, make available bank loan, quicken settlement of disputes etc. In such a marketing arrangement there will be little scope for undergrading of loose jute and pushing prices down due to undergrading of loose jute.

There may be apprehension that creation of marketing facilities through regulated marketing will interfere with the working of free market. There should, however, be no contradiction between proposed regulated market for jute and free market. The object of regulated market is to free the present marketing of obstacles it now faces and gives an opportunity for free market a greater role to play. The big gap between primary market and secondary market regarding marketing facilities will be narrowed and efficiency in overall marketing will be achieved.

Government took policies to improve the price of jute at the growers' level through fixing Statutory Minimum Price (SMP) for Bottom grade jute and purchasing jute through Co-operative Jute Marketing Societies, Jute Marketing Corporations, nationalising jute mills. But SMP could not be enforced at the growers level since terms and conditions of government corporations did not suit

the requirements of growers. Growers continued to receive market price. Moreover, price support without creating marketing facilities like grading, financing, storing, price information could not stabilize price of jute at growers level. Ultimately price support was abandoned from the season 1980-81.

Limitations of the Study:

The present study has a number of limitations. We conducted survey only in a few villages in the three jute growing areas of Bangladesh. It focussed only on the primary market and emphasised on the growers problems therein. Given the substantial homogeneity of the situation in most villages of the country, the study is relevant to them also. However, formulation of appropriate policies and measures require that a broad based and comprehensive study is carried out on the issue.

Further Research:

Further study should collect information from a representative number of villages of the country and should aim at linking primary market, secondary market and export market of jute. A total study will form a relationship between jute marketing, income received by the growers from the jute sector, jute production and their investment in other sectors.

Chapter I

Introduction:

Despite the somewhat declining trend of the role of jute in the economy of Bangladesh in the recent years, it is still the major cash crop and the second most earners of foreign currency in the country, and as such, it remains a major determinant of the peasant economy of Bangladesh, specially in some parts of the country. In the jute producing areas, the household economy of the growers greatly depends on the amount of jute production and price they receive for the produce, and the type of use they make of the revenue earned from sale of jute. The prevailing marketing system determines how much revenue the growers will earn, timing of sale in the primary market, and the use of jute revenue – the ratio of amount invested to the amount used for consumption purposes. An improved marketing system can benefit the peasants in several ways: by enabling them to get just price, by allowing them to sell when they gain most, and by enhancing their capacity to invest out of jute revenue for production of other commodities or in other activities. Thus, marketing system of jute affects economic status of the growers households and rural poverty, and, hence, improved marketing of jute is required for upliftment of rural households and overall rural development in the jute growing areas of the country.

Marketing of jute (processing and transportation of jute) has undergone certain changes in the primary market consisting of growers homes and village hats. Earlier itinerant Farias and Beparies used to collect jute at growers homes and sold in village hats. But now growers themselves are selling almost their total quantity of jute at village hats to Farias Beparies, agents of mills as well as to big Beparies (merchants). Growers are taking advantage of well connected roads and highways built in the villages and light vehicles like rickshaw, vans and motor

vehicles plying as means of transport. Earlier villages were inaccessible due to absence of roads and flood waters submerging the villages during harvest time of jute beginning from July to October. Itinerant Farias and Beparies took this opportunity to bring jute from growers home using their boats. They also charged Dhalak (extra jute to cover error in weighing), used different measures, also sometimes mixed water with dried jute. With the growers selling their jute themselves in market place, such malpractices are not in sight at present. Growers will not resort to any foul play with their own jute. They do not give any extra jute (dhalak) to the buyer (Faria, Bepari and merchants). The standard weight everywhere is 40 seer in a maund or 37.324 kg. equivalent of a maund. They do not pay anything extra-except market toll (khajna) varying from Tk. 0.5 to Tk. 2.00 per md. of loose jute. They also sell at nearest hats on an average 2.5 k.m. distance. As a result, there is quick sale of jute as well as reduction of marketing costs in the primary market. Marketing cost on an average do not exceed Tk. 10.00 per md. in the primary market if transport, labour, khajna and personal allowances are included.

Moreover, the present habit of the growers is in sharp contrast to their past behaviour. According to Indian Central Jute Committee, 1937-38 "in East Bengal 81 p.c. of raw jute was sold by the growers in their own villages (homes), 15 p.c. in village hats and 4 p.c. in baling centres. In North Bengal, 75 p.c. was sold at homes, 18 p.c. in village hats and 7 p.c. baling centres". But at present growers sell almost 76 p.c. at village hats and the rest at homes.

The other change in the behaviour of the growers seems to be about the motive of growing jute. In the past, the main motive for growing jute was the need for cash to purchase rice in the lean three months immediately proceeding aman harvest in November. But now their need has been shifted to production of rice. HYV transplanted aman is now cultivated in the jute growing areas in July-

August. These varieties of rice are BR-10, BR-30, 31, 32 and BR-22, 23. Cultivation of HYV T. aman involves huge amount of material and labor costs which the growers meet with cash earned from sale of jute. For this there is also more early sale of jute. Earlier the peak of sale was the month of September, but now the peak of sale has been shifted earlier in the month of August. Convenient means of road transport made it easy for the growers to sell early and in big quantity. Big traders in the secondary market took this opportunity to fix price of loose at a lower level. Generally, they engage big Beparis (merchants) to bring loose jute for them.

Besides the early sale of jute by the growers and excess supply during harvest time, high processing costs of loose jute and baled jute in the secondary market put a downward pressure on the price of loose jute in the primary market. Big traders pay a price of loose jute bought in the primary market after taking into account the import cost as well as processing costs of loose jute such as quality estimation (Jachandai), weighing (kayali), stacking (mapani), labor costs of loading and unloading, khajna and aratdar's and dalal's commission. There is also physical deduction for any quality differences during purchase. Importing and processing costs of loose and baled jute have risen double since 1980. Processing cost of loose jute was Tk. 12.91 per md. in 1980 but rose to Tk. 30.31 per md. in 1994-95. Kutcha baling costs per md. was Tk. 16.75 per md. in 1980 but rose to Tk. 33.87 per md. in 1994-95. Pucca baling costs per md. was Tk. 35.97 in 1980 rose to Tk. 66.80 per md. in 1994-95.

When processing cost of loose jute as well as baled jute is on the rise in the secondary market, price of loose jute in the primary market remains under downward pressure. Traders paid 72.12 p.c. of terminal price as growers' share in 1958, 69.64 p.c. in 1960 and this share fell to 64 p.c. according to current estimation. Moreover, the peak time price in the primary market remains very

low. Traders pay a lower price during harvest time due to excess supply and high costs of processing in the secondary market.

Unless early sale of jute by the growers can be stopped and high marketing costs in the secondary market can be checked, growers cannot receive a fair price of jute. Marketing costs in the secondary market can be checked if there is graded sale of jute in the primary market as well as there is storage facilities for loose jute and financing of loose jute by banks which is absent at present. Big Beparis (merchants) in the primary market and big traders in the secondary market would not be in a position to exploit the growers as well as small dealers if grading of jute is made necessary for buying and selling in the primary market. The opinion of the Socio-Economic Research Board, D.U. in this regard was: . "Although there is difficulty there is no doubt the present practice of buying and selling of jute in unassorted condition on lot grading or visual estimation of quality introduces a considerable indeterminacy in the prices paid, increases the risk of buying and selling and quite possibly contributes to a reduction of the margin received by the growers. To help stop early sale of jute there is need for warehousing facilities in the primary market. Growers would be encouraged to store their jute and storage charge may be standardised." Against warehouse receipts growers would receive advances from banks. Through warehouse Balers, Aratdars and jute Mills would be able to purchase jute directly. Indirectly, this would strengthen the bargaining power of the growers. Warehouse may be set up and operated by Jute Co-operative Societies consisting of growers, and small trades. Warehouse may be established by Jute Co-operative Sales Societies privately under government management and initiatives.

The major issues of the study are: Are the growers of jute getting 'fair' price?¹ If not, what factors are creating obstacles to prices to be reasonably fair in the primary market. What are the implications of the market situation on the jute economy of the country? What measures can be adopted to improve the primary market of jute?

The importance of the issue can be understood from the fact that government tried to enforce Statutory Minimum Price (SMP) for X-Bottom loose jute at the growers level since 1960. Government Mills and Corporations were also created to purchase jute from the growers at SMP. But after a trial effort of 20 years, the policy was abandoned from the season 1980-81. This is due to inability of enforcement of SMP at the growers level. Growers sold either at homes or village market but the purchase centres opened by mills and corporation in outlying centres were few compared to needs and these were out of the reach of the growers. Terms and conditions of purchase by mills also did not suit the growers needs. Growers sold at nearest hats and in small lots and against cash payments. Mills and corporations could satisfy none. Thus there is no alternative other than creating necessary marketing services at the growers level in the primary market.

The underlying hypotheses of the study are : Although the average revenue received by the growers of jute has shown an increasing trend in the recent years, thanks to some development of infrastructure and implementation of some policies favouring of the growers, still the deviation between the 'fair' price and the actual price is quite high. The deviation, which constitutes exploitation of the growers by the middlemen, is adversely affecting both quantity and quality of jute production, growers' household economy, and also the overall peasant economy of the country.

¹ Fair price can be defined as the amount which covers all costs including normal profit accruing to the growers due to organisation of production, investment and risk taking.

The main objective of the thesis is to examine the price of jute in the market and to assess whether the actual price is 'fair' and to deduce its implications for the growers' households. Growers have low bargaining power in the face of stronger group of purchasers in the secondary market. These traders persistently lower harvest price, diminish share in export price due to high marketing costs in the secondary market. The problems arise due to poor marketing facilities in the primary market. Thus our problems are to study what marketing facilities are available in the primary market and what more marketing facilities are to be created. We have seen grading, storing, financing and marketing knowledge are completely absent in the primary market. Without creating these facilities in the primary market there is no hope of offering the growers a better price. Through offering basic marketing facilities, their position can be improved.

We have, therefore, tried to study the present marketing facilities available in the primary market and what new facilities to be created, the marketing mechanism through which these facilities can be created etc. At present the link between primary market and secondary market is thin since most of the marketing facilities are available in the secondary market but absent in the primary market. Marketing costs are high in the secondary market but low in the primary market, trades are organised in the secondary market but growers are not organised in the primary market. Almost all marketing facilities like grading, storing, financing, market knowledge are available in the secondary market but absent in the primary market. These are to be created in the primary market so that growers position can be strengthened. We intend to interview the growers and study their problems.

The study is based on a primary survey conducted in three selected jute growing areas of Bangladesh viz. the Jat area, the District area and the Northern area in order to obtain a comprehensive picture of jute marketing and its impacts on the growers' households in these areas. The following tasks are carried on during the survey : interviewing of growers and dealers using structured questionnaires, direct observation of marketing, and in-depth discussion with key informants and policy makers.

The thesis has been organized as follows : With Introduction in Chapter I, the jute situation of the country is described in Chapter II. Next the flow of jute over different markets is discussed in Chapter III. In Chapter IV the Method of Study was stated. Marketing problems of the growers in the primary market were examined in Chapter V. Marketing Costs, growers share in export price and growers price fair or unfair were analyzed in Chapter VI. Policy Implications are given in Chapter VII. Summary, conclusions and recommendations are in Chapter VIII. Appendix of Tables and Appendix of Bibliography are put at the end.

Chapter II

The Jute Situation

2.1 Bangladesh in the World of Jute:

Bangladesh is at present the leading exporter of both raw jute and jute goods even exceeding India. India has ceased export of raw jute and its export of jute goods is lower than by Bangladesh. India's export of jute goods is declining due to increasing demand at home. Another phenomenon of world of jute is that exports of both raw jute and jute goods has gone down due to less import in developed countries. The following table illustrates the world export of jute and jute goods and Bangladesh share in it.

Table 2.1

Share of Bangladesh in world export of raw jute (000 M. tonnes).

Seasons	Bangladesh	India	China	Thailand	Nepal	World Total	Share of Bangladesh (%)
1984-85	253.8	-	45.0	21.7	5.2	346.0	73.35
1985-86	414.2	10.4	73.2	4.7	4.7	535.1	77.41
1986-87	403.6	10.6	77.2	2.0	7.1	524.9	76.89
1987-88	242.1	7.3	74.1	6.0	15.9	364.7	66.38
1988-89	291.9	7.8	43.2	5.6	9.0	382.8	76.25
1989-90	372.9	4.2	52.9	8.3	16.1	509.1	73.25
1990-91	288.0	10.1	45.0	6.6	0.8	378.9	76.00
1991-92	275.9	9.0	36.0	6.2	1.3	350.3	78.76
1992-93	280.0	3.9	21.1	6.5	1.0	341.1	82.09
1993-94	245.3	-	17.5	4.9	-	281.2	87.23
1994-95	310.4	-	15.6	4.8	2.3	358.9	86.89
1995-96	214.9	-	5.7	3.1	1.0	242.7	88.85

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

The increase in the share of Bangladesh is due to decrease in share of other exporting countries although yearly export of raw jute from Bangladesh has also decreased.

Regarding exports of jute goods the same trend is found. World exports of jute goods is shrinking along with exports from Bangladesh. Bangladesh share in exports of jute goods increased due to decrease in share of India's export of jute goods. Exports from other exporters has also decreased.

Table 2.2

Share of Bangladesh in world export of jute goods. (000 M. tonnes)

Seasons	Bangladesh	India	China	Thailand	Nepal	World Total	% of Bangladesh
1984-85	438	299	49	101	12	1104	39.67
1985-86	485	255	89	85	12	1111	43.65
1986-87	528	265	114	104	12	1149	45.95
1987-88	478	238	72	137	14	1050	45.52
1988-89	508	204	63	105	10	1018	49.90
1989-90	546	226	65	103	8	1086	50.27
1990-91	387	197	58	86	15	873	44.33
1991-92	487	186	48	69	11	912	53.40
1992-93	480	215	50	65	10	923	52.00
1993-94	467	179	33	55	10	845	55.27
1994-95	495	221	47	45	10	914	54.16
1995-96	428	206	24	25	10	790	54.18

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

Unlike raw jute, jute goods export from Bangladesh is almost a constant quantity between 4 and 6 lakh tonnes. On the other share of Bangladesh is increasing due to decrease in share of India. World exports of jute goods is decreasing due to loss of markets in developed countries of Europe, America, Australia.

World production of Jute, kenaf and allied fibres also shows a decreasing trend due to decrease in production in the major producing countries but yearly fluctuation is also wide. In the following table is given the world production of jute and allied fibres and Bangladesh share in it.

Table 2.3

World production of Jute, Kenaf and allied fibres (000 M. tonnes)

Seasons	Bangladesh	India	China	Thailand	Nepal	World Total	% of Bangladesh
1984-85	889	1314	746	197	33	3410	26.07
1985-86	1548	2207	2060	266	61	6439	24.04
1986-87	983	1440	710	240	24	3657	26.88
1987-88	781	1221	569	168	15	3021	25.85
1988-89	799	1422	539	175	18	3203	24.94
1989-90	835	1305	660	163	16	3200	26.09
1990-91	915	1639	726	181	16	3650	25.07
1991-92	950	1620	508	157	19	3411	27.85
1992-93	828	1260	550	161	10	3008	27.52
1993-94	782	1374	672	139	11	3095	25.26
1994-95	1027	1476	355	130	12	3110	33.02
1995-96	653	1404	371	115	15	2665	24.50

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

Bangladesh share in world production of Jute, kenaf and allied fibres is almost one fourth although production fluctuates from year to year. India produces almost 40 p.c. of world total.

Regarding world production of jute goods, Bangladesh contributes almost 5 lakh M. tonnes but India contributes 3 times more. Production of China and Bangladesh is almost the same. World production is almost 30 lakh M. tonnes of which India's share is 50 p.c. India is producing more of jute goods due to ceasing export of raw jute and

consumption of more of jute goods at home. The following table illustrates production of jute goods in some major producing countries:

Table 2.4
World Production of Jute Goods

(000 M Tonnes)

Calendar Year	Bangladesh	India	China	Thailand	Pakistan	Burma	World	% of Bangladesh
1984	569	1217	586	206	90	37	3174	17.92
1985	566	1377	670	168	92	42	3407	16.61
1986	509	1539	813	212	111	25	3732	13.64
1987	439	1331	641	213	120	30	3296	13.32
1988	597	1421	637	204	111	17	3451	17.30
1989	710	1359	794	205	107	23	3589	17.78
1990	645	1527	709	163	100	20	3525	18.30
1991	531	1546	608	146	109	12	3305	16.06
1992	618	1437	550	134	104	18	3153	19.60
1993	566	1500	572	131	82	20	3138	18.03
1994	574	1498	500	98	73	27	3022	18.99
1995	524	1506	535	102	77	29	3009	17.41

Source : Annual Summary of Jute and Gunny Statistics -- IJMA.

Direction of Raw Jute Exports: Overseas demand for Bangladesh jute has decreased. Traditional importing countries particularly European countries are importing less now. Some new countries are, however, gaining importance. Among the new countries gaining importance are Pakistan, Singapore, China, Thailand, North Korea, Indonesia among Asian countries; Ivory Coast, Senegal, UAR, Tanzania, Algeria and Zaire in Africa. Among the countries which were important earlier but now becoming less important are India, Brazil, ECM countries, East European countries including Russia have decreased their import but not at an equal pace with the West European countries. West European countries, Australia are not now important producers of jute goods although Dundee and Belgium were important for producing jute goods. The following table illustrates the region wise exports of Bangladesh jute in the following years:

Table 2.5

Region wise exports of jute by Bangladesh in the following years.

Sl. No.	Regions	1972-73	1974-75	1979-80	1984-85	1989-90	1991-92
1.	West European ECM countries	1011.6	453.5	497.5	299.6	118.6	76.7
2.	East Europe and USSR	356.9	349.9	380.0	176.5	534.4	162.3
3.	Asian Countries	515.0	158.7	526.8	555.4	1170.7	876.1
4.	African Countries	40.5	243.0	323.2	284.1	199.6	220.0
5.	North and Latin America	226.3	115.4	196.6	90.3	16.3	18.7
6.	Australia	7.9	0.5	5.4	-	-	-
7.	Countries Total Export	2828.0	1549.0	1968.0	1408.8	2064.0	1533.0

(000 bales)

Source : Directorate of Jute Inspection and Control, Government of Bangladesh.

External Price of Raw Jute: Prices of raw are quoted as FoB Chalna / Chittagong by Bangladesh Jute Association in taka as well as in dollar. There is weekly and monthly variation with local supply and international demand by the Jute Mills and International Jute Associations. Stock of raw jute with mills, current demand for jute goods, unsold stock of jute goods, yearly crop of jute exporting countries all account for the level of international price of raw jute. The following table illustrates the movement of price of raw jute as quoted by Bangladesh Jute Association on FoB basis Chalna / Chittagong for a few years.

Table 2.6

Price of raw jute of all grades on FOB basis from 1990-91 to 1997-98

Average Price Tk	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Per Bale of 180 kg	2356.0	2173.0	1863.0	1876.0	1827.0	3059.0	2582.0	1801.0

Source : Bangladesh Jute Association.

Production of Jute Goods : Bangladesh produces jute goods like Hessian Sacking, Carpet Backing Clothes (CBC), twine and yarn. In total Bangladesh position is next to India. India also produces same kind of jute goods. It is to be noted that almost the entire quantity of jute goods are exported by Bangladesh and only 0.50 lakh metric tonnes are used within the country. If exports of jute goods from Bangladesh in relation to world total is considered, then the country meets about 53.0 p.c. while India 23 p.c. So Bangladesh position in world market in supply of jute and jute goods are very important.

Direction of Trade of Jute Goods : Like exports of raw jute, exports of jute goods are on the decline in American and European markets but on the rise in African and Asian markets. The reason is same. Synthetic substitutes of jute have entered European and American markets in a bigger scale and as a result jute goods are to compete with them. The following table illustrates the direction of exports of jute goods in international markets.

Table. 2.7

Direction of exports of jute goods.

(Figures in metric tons)

	1988-89	1989-90	1990-91	1991-92	1992-93
North and Latin America	46696	53368	43955	39605	29295
East Europe and USSR	19857	54531	19667	8201	10203
EEC countries & East Europe	43241	63372	62693	63172	46331
African Countries	173122	103200	69981	86003	121512
Asian Countries	107412	130638	70830	149723	142405
Australia	23061	26982	25012	21806	17980
Rest of the World	33947	54748	32038	39234	41012
Total :	458090	486844	324176	407744	408738

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

Price of Jute Goods : Prices of jute goods (Hessian and Sacking) are on the rise in international market in terms of dollar although costs of manufacturing are not always covered by prices. Moreover, jute goods are to face competition from polypropylene products whose prices are lower than jute goods prices. In these circumstances, there is no way but to increase efficiency in manufacturing of jute goods. In costs of jute goods 40–60 p.c. consists of prices of raw jute. If there is instability of price of raw jute, then it becomes difficult to control prices of jute goods. Bangladesh has no market other than international market for its jute goods. So in the long-run competitive power of jute mills must be increased. Offering lower prices of raw jute than market price or suppressing raw jute prices is no solution.

2.2 Domestic Jute Situation:

Two varieties of jute viz. White and Tossa whose Botanical names are *Cochlosoma Copsularies* and *Cochlochoros Olitorius* respectively are cultivated in Bangladesh. Meshta (kenaf) an allied fibre is also cultivated on a limited scale. Jute belong to bast fibre and other fibres belonging to this category are Kenaf, Hemp., Rami, Flax. A small quantity of Hemp is also grown in some parts of country. The quality of jute grown in Bangladesh is one of the finest in the world and that is why it is called the golden fibre of the country. Loamy and alluvial soil, hot and moisture climate of the country are most suitable for cultivation of jute. White variety of jute is sown in March-April and tossa variety from April to May. In Bangladesh, Aus and Boro paddies are also cultivated during jute sowing. So they compete with jute for the jute acreage. According to Jute Enquiry Commission, 25 p.c. of jute acreage is exclusively for jute cultivation where no other crop can be cultivated. Harvesting of jute begins in July and continues till October but harvesting of tossa jute continues till November. The fibre of jute is extracted by retting. Jute stick is used for fuel and fencing as well as for industrial raw material. The quality of jute is not uniform. It depends on retting water as well as cultural practices. According to quality of jute

grown in Bangladesh there are three areas viz., the Jat Area, the District Area and the Northern Area. The Jat Area includes greater Mymensingh, Dhaka and Comilla. The Northern Area includes the greater Bogra, Rangpur and Dinajpur and the rest of the jute producing districts viz. Faridpur, Pabna, Khulna, Jessore, Barisal, Sylhet, Chittagong are within the District Area.

Acreage under jute demonstrates variation from season to season. Variation in acreage under jute from season to season is due primarily to acreage response of growers from relative price of paddy and jute in the preceding year. Production also varies due to climate conditions. Yield of jute depends on favourable weather conditions, supply of improved seeds, fertiliser and marginal land brought under cultivation. The following table illustrates the movement of acreage, production and yield of jute in Bangladesh since 1984-85 upto 1994-95.

Table 2.8

Movement of acreage, production and yield of jute

Seasons	Acreage (lakh acres)	Production (lakh bales)	Yield per acre (Bales)
1984-85	16.71	51.11	3.06
1985-86	26.14	86.60	3.31
1986-87	19.08	67.53	3.54
1987-88	12.45	43.38	3.48
1988-89	13.42	44.39	3.31
1989-90	13.39	46.39	3.46
1990-91	14.07	50.81	3.61
1991-92	14.00	49.43	3.53
1992-93	12.36	49.19	3.98
1993-94	12.88	43.46	3.37
1994-95	14.03	57.08	4.07

Source : Department of Agriculture, Government of Bangladesh.

A comparison of acreage and production of jute in the 80s and 90s with their corresponding acreage and production show that acreage and production declined quite substantially. Taking five years average of acreage and production of jute a comparison is shown in the following table:

Table 2.9
Five Years Average of Acreage of Production of Jute

Five Years Average	Average Acreage	Average Production
1960-61 – 1964-65	17,32,266	60,44,327
1965-66 – 1969-70	22,48,736	64,82,328
1970-71 – 1974-75	19,40,650	53,70,569
1975-76 – 1979-80	17,22,395	53,01,591
1980-81 – 1984-85	15,05,079	49,59,248
1985-86 – 1989-90	16,89,600	57,65,800
1990-91 – 1994-95	13,46,800	49,99,400

Source : The Annual Review, Ministry of Jute.

The Department of Agriculture, Government of Bangladesh.

Growers of jute are now finding it profitable to cultivate paddy particularly HYV Aus and HYV Boro instead of jute due to more yield of paddy. Population increase, food shortage leading to increase in prices of paddy are no less responsible for this phenomena. Acreage under HYV Aus and Boro almost shows a continuous increase since 1980 but the acreage under jute demonstrates a seasonal fluctuates and a trend towards decrease.

The period 1980's and 1990's also witnessed a substantial change in the composition of White and Tossa jute. Acreage under white jute has decreased whereas acreage under tossa jute has increased. Acreage under white jute in 1981-82 was 9.30 lakh acres and under tossa jute 4.78 lakh acres but at the end of the same decade in 1989-90 acreage under white jute and tossa jute stood at 5.20 lakh acres and 8.19 lakh acres respectively. Acreage under white jute further decreased to 3.93 lakh acres at the beginning of the 90's in 1992-93 season as against 9.46 lakh acres under tossa jute.

Growers are now attracted by high price of tossa jute and more demand for tossa jute. With the following table is illustrated the composition of white and tossa jute since 1981-82:

Table 2.10
Change in composition of white and tossa jute

Seasons	Figures in 000 acres		(Figures in 000 bales)	
	Acreage under White and Tossa		Production of White and Tossa	
	White	Tossa	White	Tossa
1981-82	934	478	2758	1869
1982-83	862	563	2813	2069
1983-84	833	602	3102	2114
1984-85	1000	668	3089	8022
1985-86	1385	1229	4590	4070
1986-87	1083	825	3117	2836
1987-88	653	613	2423	2277
1988-89	757	586	2284	2152
1989-90	520	819	1804	2835
1990-91	510	932	1837	3465
1991-92	560	893	1928	3345
1992-93	393	946	1600	3200

Source : Cash Crop Section : Ministry of Agriculture.

A small quantity of Meshta is also produced in the country (acreage recorded till 1987-88). However, its acreage is also decreasing with the acreage under jute almost for the same reason. The following table illustrates the acreage and production of Meshta.

Table 2.11

Acreage and production of Meshta since 1974-75

Seasons	Acreage (acres)	Production (bales)	Yield (bale per acre)
1974-75	24,360	54,420	2.23
1975-76	22,673	62,330	2.75
1976-77	24,965	67,390	2.97
1977-78	26,820	75,289	2.81
1978-79	29,210	87,515	2.99
1979-80	24,530	71,730	2.92
1980-81	17,620	42,065	2.39
1981-82	16,405	40,435	2.46
1982-83	16,835	38,675	2.30
1983-84	16,100	39,945	2.48
1984-85	17,420	39,405	2.26
1985-86	20,240	48,290	2.38
1986-87	16,200	38,290	2.38
1987-88	12,880	28,320	2.20

Source : Bangladesh Bureau of Statistics (BSS) and the annual Review.

2.3 Domestic Demand for Jute:

Demand for jute at home comes from country's jute mills whose number rose to 77 in 1977-78. Annual average purchase of raw jute by these mills is around 30 lakh bales and a small quantity of 3 to 4 lakh bales are used by growers for household consumption and by cottage industries. Total supply of jute each season is carry-over from the previous seasons plus production of the season. The year end carry-over is total supply less domestic consumption and export. The following table illustrates annual production, domestic use and year end carry-over.

Table 2.12

Supply and Distribution of Raw Jute and Opening Stock

(Lakh bales)

Seasons	Supply				Distribution				
	Opening Stock	Production	Total Supply	Mill consumption	Use by growers	Total Domestic Consumption	Export	Loss/or Damage	Year end carry-over
1984-85	10.10	49.39	59.49	32.50	3.0	35.50	14.06	-	9.76
1985-86	9.76	86.58	96.34	28.45	2.23	30.68	23.01	-	42.65
1986-87	42.65	54.61	97.26	33.56	2.29	35.85	22.41	-	39.00
1987-88	39.00	43.38	82.38	32.24	4.61	36.85	13.45	(0.61)	32.08
1988-89	32.08	44.39	76.47	31.68	5.18	36.86	16.17	(1.18)	23.44
1989-90	23.44	46.39	69.83	33.28	4.96	38.24	20.64	(0.96)	10.95
1990-91	10.95	50.81	61.76	28.88	4.44	33.32	16.00	(0.44)	12.44
1991-92	12.44	49.43	61.87	28.70	4.32	33.02	15.33	(0.32)	13.52
1992-93	13.52	49.49	63.01	29.93	3.73	33.66	15.69	(0.43)	13.66
1993-94	13.66	46.04	59.70	30.91	4.42	35.33	14.56	(0.42)	9.81
1994-95	9.81	55.61	65.42	30.00	4.00	34.00	17.24	(0.46)	4.18
1995-96	14.18	35.70	49.88	28.96	4.00	32.96	11.94	(0.27)	4.98
1996-97	4.98	59.00	63.98	29.68	4.00	33.68	19.77	(0.51)	10.53
1997-98	10.53	62.00	72.53	30.00	4.00	34.00	22.79	(0.50)	15.74

Source: Annual Summary of Jute and Gunny Statistics –IJMA.

Yearly crop of jute may vary from season to season but it is the year-end carry-over which kept total supply, mills consumption and export overseas stable. Internal consumption is around 34 lakh bales and export 18 lakh bales.

At present some of government jute mills are sold to private owners after denationalisation of nationalised jute mills started from 1979-80. Out of 71 jute mills 33 are placed in the private sector and 38 are still in the public sector till 1998-99. The policy of privatisation of nationalised mills is still going on. The share of government

mills and private mills in the consumption of raw jute is almost equal. In the season 1997-98, consumption of raw jute by mills under Bangladesh Jute Mills Corporation (BJMC) was 16.75 lakh bales and those under private owners Bangladesh Jute Mills Association (BJMA) was 15.75 lakh bales. In the following is given the consumption of BJMC, BJMA and Bangladesh Jute Spinners Association (BJSA).

Table 2.13

Consumption of jute by BJMC, BJMA and BJSA

	(lakh bales)								
	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
BJMC	18.27	14.90	13.93	15.71	15.59	15.77	16.02	15.43	16.75
BJMA	10.98	9.50	9.54	9.16	8.55	8.12	7.29	7.40	8.25
BJSA	4.03	4.48	5.34	5.06	6.77	7.22	5.60	7.11	7.50
Total :	33.28	28.88	28.70	29.93	30.81	31.11	29.91	29.94	32.50

Source: Bangladesh Jute Mills Association.

Demand for raw jute by mills is a derived demand depending on demand for jute goods production and export abroad. Mills' decision of the quantity of raw jute purchased depends on ready delivery to meet current needs of production of jute manufactures and for addition to raw jute stocks. Of the total quantity of jute purchased by mills 50 p.c. is in loose form and another 50 p.c. is in baled form.

Again mills purchase a certain quantity of jute on forward contract basis to meet future delivery of jute goods. However, mills purchase may vary depending on stock of jute with the mills at the beginning of the season. With the following table is illustrated the relation between mills purchase of raw jute, stock of raw jute with the mills and production of jute goods and stock of jute goods.

Table 2.14
Jute Mills Purchase of Raw Jute, Production of Jute Goods
and Stock of Jute Goods

Seasons	Stock of jute with the mills (lakh bales)	Purchase of raw jute (lakh bales)	Production of jute goods (Lakh M.T.)	Export of jute goods (Lakh M.T.)	Stock of jute goods (Lakh M.T.)
1981-82	9.14	33.46	6.08	5.53	0.95
1982-83	7.05	33.20	6.02	5.38	1.07
1983-84	6.81	33.28	5.85	5.03	1.25
1984-85	5.61	32.50	5.73	4.74	1.57
1985-86	14.63	28.45	4.90	4.93	1.18
1986-87	11.00	33.56	5.98	5.33	1.17
1987-88	8.65	32.24	5.78	4.74	1.52
1988-89	8.34	31.68	5.58	5.08	1.47
1989-90	5.92	33.28	5.80	5.45	1.28
1990-91	4.73	28.88	5.04	3.94	1.74
1991-92	3.65	28.70	4.93	4.70	1.23

Source : Ministry of Jute, Research Section.

2.4 Prices of Jute: Prices of jute demonstrates a diverse character. First, there is wide range of price of loose jute of both varieties. Second, average price of loose jute during the harvest time remains at lower level. Third, there is wide fluctuation of yearly price of jute.

Quality difference is cited as the prime reason for wide range of prices between different areas. Generally, loose jute of the Jat and District areas commands a higher price followed by prices in the Northern area. For variation in prices the distance of a place from the nearest secondary markets, availability of market information and quickest and cheapest means of transportation are also important. Sometimes the difference in price between low quality jute and high quality jute is as wide as Tk. 100-

200 per md. Tossa jute always commands a higher price due to superior quality, strength and fine colour.

What is most significant of the price of loose jute is that during the harvest time the level remains lower and after the harvest time higher. There is excess sale during the harvest time sometimes causing market glut. Mills, the most important consumers, generally lift later in the season and they also purchase 50 p.c. in baled form. Thus in the early part of the season market remains depressed. Moreover, if the carry-over stock of jute is high in a season, harvest time price remains very lower. Harvest time is July to October and extends to November for tossa jute. There was big carry-over stock in the seasons 1986-87, 1987-89 and 1989-90, thus in these seasons harvest time price was very low. But in general during the peak of sale of jute in the months August and September, price level remains invariably lower and price starts rising from December. The following table illustrates the low average price of loose jute during the harvest time.

Table 2.15

Average Price of Loose Jute during the Harvest Time of Jute Seasons

(Price Tk. per md)

Months	198-87	1987-88	1988-89	1989-90	1990-91	1991-92	Average
July	110.8	207.5	229.5	298.3	347.6	294.2	247.98
August	135.1	281.9	229.3	274.6	346.5	244.0	251.90
September	139.4	304.3	223.2	266.9	333.5	246.5	252.30
October	123.5	308.9	237.2	283.2	332.4	251.9	256.18
November	139.5	298.0	235.3	332.0	338.1	279.7	270.43
December	151.9	295.6	238.7	348.0	348.3	282.6	277.52
January	181.4	292.4	257.0	354.2	341.5	277.0	283.92
February	192.2	281.3	260.0	358.7	318.0	277.3	281.25
March	206.3	277.2	272.5	375.0	335.8	280.4	241.1
April	212.5	263.1	271.1	395.1	340.4	282.2	294.06
May	225.9	261.3	289.3	393.8	350.7	287.4	301.4
June	238.8	263.0	285.3	374.1	359.2	291.0	301.9

Source: Directorate of Jute.

The variation in prices within the four harvesting months is also low. Price starts to rise from November but then little jute remains in the hands of growers. From November the arrival of jute in the primary market declines substantially so prices went high. Only the stockist and big dealers can be benefited by the rising prices in the latter part of the season.

Price of jute also fluctuates from one season to another affecting manufacture as well as export of jute goods. With fluctuations in yearly price acreage under jute also varies from year to year. Acreage generally responds to previous year's price.

Table 2.16

Fluctuation in price and corresponding fluctuation in acreage.

Seasons	Price of the season	% change in price from the previous season	Acreage under jute in the next season (lakh acres)
1980-81	101.86	-	14.12
1981-82	136.71	+ 34.2	14.25
1982-83	154.08	+ 12.7	14.35
1983-84	250.61	+ 62.2	16.71
1984-85	530.42	+ 111.6	26.14
1985-86	196.38	- 170.2	19.08
1986-87	153.37	- 28.0	12.66
1987-88	299.0	+ 94.9	13.43
1988-89	251.0	- 19.1	13.39
1989-90	304.26	+ 21.2	14.42
1990-91	336.61	+ 10.6	14.53
1991-92	256.16	- 23.9	11.39

Source: Directorate of Jute.

As it appears in the season 1984-85 average price fluctuated 111.6 to the positive side from the preceding year's average price but again fluctuated to 170.2 p.c. to the negative side in the following season 1985-86. Prices of jute so fluctuates widely is clear from the above table and as a consequence acreage under jute also fluctuates. Thus there is a positive correlation between previous season price of loose jute in the primary market and acreage under jute in the current season. This is due to growers' acreage response to variation in price of jute. It also shows the great instability in price of jute in the primary market. Adjustment of sales and purchase through stock adjustment is absent in the primary market. Thus price fluctuates much more in the primary market than in the secondary markets.

Loose jute prices in the primary market and secondary market are more or less in harmony with each other. Balers, Mills and Shippers purchase loose jute from Beparis or through Adatdars and Dalals. They buy bottom grade jute from Beparis although some quantity of A and B grade jute are found after assortment. That means buyers in the secondary market try to depress prices in the primary market.

Normally Tk. 20-30 is the difference of price of loose jute in between primary market and secondary market. This is amply proved by the growers level price in the primary market and purchase price of jute by different bodies in the secondary market.

Table 2.17

Price of loose jute in the primary market and secondary market.

	(Price Tk. per md.)							
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Growers level price	338	273	233	305	278	478	381	210
Purchase price of BJMC	350	276	257	297	269	507	444	246
Purchase price of BJMA	360	278	265	299	317	577	517	314
Purchase price of BJSA	405	310	292	378	360	625	548	372
Purchase price of bales	354	270	260	289	298	512	462	291

Source: Directorate of Jute.

The difference in price of bottom quality jute between primary market and secondary market is due to cost of transportation, labor costs, aratdari and traders' commission.

However, the price of baled jute in the secondary market differs widely from the price of loose jute in the primary market. This is due to high cost of baling involved and balers' control over price of baled jute in the secondary market. A comparison of the price of kutchha baled jute per md. with the price of loose jute per md. is given below:

Table 2.18

Average price per md. of loose jute and C. bottom kutchha jute in the 3rd Week of September, 1992 at Narayanganj / Daulatpur (Tk. per md.)

1.	Loose white jute in the primary market	...	211
2.	Loose white jute in the secondary market	...	252
3.	C. Bottom kutchha white at Narayanganj /Daulatpur	...	325
4.	Loose tossa jute in the primary market	...	277
5.	Loose tossa jute in the secondary market	...	322.5
6.	C. Botton tossa kutchha at Naranyanganj / Daulatpur	...	347.0

Source : Bangladesh Jute association and Directorate of Jute.

The difference in price between loose jute in the primary market and secondary market in case of White is Tk. 40.0 but in case of tossa Tk. 45.0. But the difference in price between loose jute in the primary market and kutchha jute price in the secondary market in case of white is Tk. 114.0 and the case of tossa Tk. 95.0 Assortment, baling and balers control over price are reasonable grounds for price difference between loose price in the primary market and kutchha jute price in the secondary market.

Chapter III

Flow of raw jute through markets.

Jute passes through different stages for marketing. Firstly, jute appears in the primary market (village market) ; secondly, in the secondary market (baling centers) ; thirdly, in the terminal market (export point) and finally, in the international market (export market). This is since jute is not finally consumed in the form growers sell in the primary market and marketing services like assorting, grading, baling are required before final consumption. Marketing services also involve transportation, storage, financing, buying and selling.

The Primary Market: The primary market is at the bottom of jute marketing. Grower's home, village hats, jute purchase centers opened by jute mills and corporations are included in the primary market. Jute is transacted only in its loose unassorted form in all these places and is called 'Garsat'. Sellers in the primary market are growers themselves who produce jute in their own land and the buyers are the peripatetic traders who are locally known as Faria, Bepari, Paikar all named differently though doing the same function of buying and selling of loose jute in the primary market and their trade names are 'Dealers' They are licensed traders operating in the primary market. There are a few thousand of such dealers operating in a jute season. In the loose form of jute there is eye estimation of quality of jute. There is no assorting or grading of jute except handling of jute in lots each containing 5 seers, called a 'Dhara'. This is for the convenience of both buyers & sellers to know the quality of jute contained in each lot. Jute growers and primary dealers have little idea of the commercial quality of jute. Different areas in Bangladesh produce different

qualities of jute. Jute grown in the Jat Area (Mymensingh, Dhaka & Comilla) is one of the finest.

The Secondary Market : All secondary markets are baling centers. Small sized dealers buy and sell in the primary market but medium and big sized dealers, named as merchants, generally buy in the primary market and sell in the secondary market. They carry loose jute to secondary market purchased from the primary market using country boat as well as lorry. Capacity of each boat and lorry is about 200 mds of loose jute. There are 300 to 400 such secondary markets in Bangladesh. Important secondary markets are Narayanganj, Daulatpur, Sarishabai, Chandpur, Mahipur, Munshiganj, Saidpur, Narsingdi, etc. Yearly assemblage in big secondary market is not less than a few lakh mds. Aratdars & Dalals also play an important role in the secondary market. Kutcha Balers. Pucca Balers, agents of mills first contact the Aratdars & Dalals and terms & conditions of sale are negotiated through them. Aratdars also finance the Beparis to get regular supply of good quality jute. Aratdars also receive commission for arranging sale through them. Before sale of loose jute in the secondary market there is partial assortment called, 'Jachandari'. Kutcha Balers in the secondary market first make Kutcha bales with loose jute weighig 150 kg. or 3.75 mds each. Kutcha baling of loose jute is with cuttings. Before Kutcha baling there is also kutcha grading of jute. The commercial names of kutcha bales are Top, Middle, Bottom, B-Bottom, C-Bottom, X-Bottom and SMR, Commercial names of Kutcha bales and their qualities are specified by the Bangladesh Jute Association (BJA). Top grade jute is very strong, good length, excellent color and free from blemish. Middle grade jute is also strong, fair length, average color of the district, free from 'Samla' and Bottom grade jute is of sound fiber of medium strength of any color not suitable for inclusion in the Top & Middle grade and free from hard centered jute. Kutcha baling of jute is

needed for sale to local jute mills. It is also needed for long distance transportation, keeping in storage, getting bank loan against hypothecation of baled jute. Sometimes jute mills and kutcha balers directly purchase loose jute from the primary market and make kutcha bales.

The Terminal Market: In the terminal market jute is finally pressed into pucca bales. Narayanganj of Dhaka and Daulatpur of Khulna are the two terminal markets (export point) within Bangladesh. Sellers are pucca balers and buyers are shippers and jute mills particularly spinning mills. Sometimes Pucca balers purchase loose jute from the primary market through their commission agents and turn these into pucca bales after pucca assortment. Pucca bales are made up with long jute except cuttings. The grade names of pucca white jute are BW SPL, BWA, BWB, BWC, BWD, BWE, BWCA, BWCB, and the grade names of pucca tossa jute are BTA, BTB, BTC, BTD, BTE, BTCA, BTCB etc. Foreign equivalents of BW SPL is Dundee First and Dundee Lightening; BWA equivalent to Dundee Hearts; BWB equivalent to Mill First and Mill Lightening; BWC equivalent to Mill Hearts and Export Lightening; BWD equivalent to Export Hearts and the rest called Rejections. Foreign equivalent of BT SPL is Dhaka Tossa 2/3 & Dhaka Tossa-4; BTA equivalent to DAT-4; BTB as DAT-5; BTC as Dundee Tossa -4 and Crack Tossa -4; BTD as Crack Tossa 2/3 & Dundee Tossa 2/3 and BTE equivalent to Rejections. Grading and baling of pucca jute is according to London Jute Association(LJA) standard. Before pucca baling there is also pucca assortment of raw jute. Pucca baling is done with hydraulic pucca presses and each pucca bale contains 180 kg or 4.82 mds of long jute.

A large part of local sale of pucca jute is effected through brokers (as opposed to dalals for loose jute). Buyers within the country are shippers (exporters) and jute mills. Sale of pucca bales includes inspection of the stock,

cutting open the bales a little as samples. Contract for sale may be written or verbal in BJA contract terms, either ready or forward and payment is made within fifteen days of delivery or according to terms of contract. Baled jute is purchased almost throughout the year and price is settled according to BJA quoted price. Forward purchase is made either to ensure continued supply of raw jute to the mills or if the mills expect the price to rise in future. Similarly, shippers buy baled jute on forward contract basis for not more than 60 days or 2 months. The object of forward purchase by exporters were either to cover forward commitment to sell overseas when it is expected that price will rise in future or good quality jute will not be available in the market later on. Forward purchase is made when there is an easy tone in the local market. Forward buying and selling have consequences on adjusting supply and demand as well as reducing the difference between purchase price at home and selling price abroad.

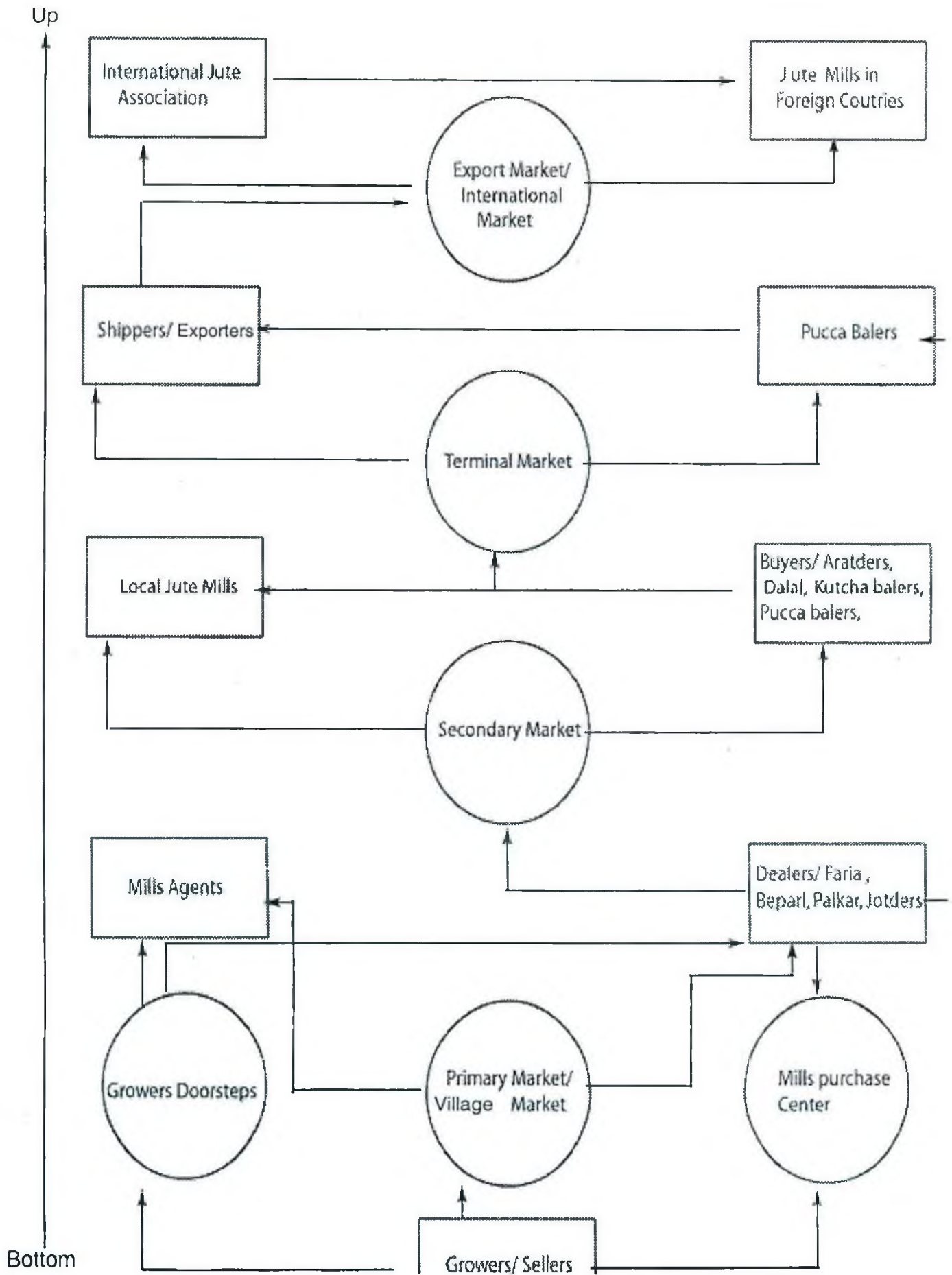
The International Market (Export Market): The fourth and final stage of the flow of jute is in the international market. Chittagong and Mongla (Chalna) are the two seaports in Bangladesh through which jute is shipped abroad. In overseas markets shippers and exporters are the sellers on the one side and foreign brokers, agents of foreign importers, foreign trade associations like London Jute Association, Dundee jute association, European Jute Manufacturers Association (Paris) are the buyers on the other. Through these trade associations spinners, manufacturers of the UK and the continent got the bulk of their requirements. Individual country in Asia and Africa also negotiates bilateral sales and purchases through their agents and embassies. There is barter trade with the communist countries also. Direction of exports of jute from Bangladesh has undergone significant changes over the years due to use of

substitutes of jute by countries which earlier imported raw jute from Bangladesh. UK and the continent were the major European markets of Bangladeshi jute but now they depend on synthetic substitutes like polypropylene. Moreover, India and Brazil which earlier imported raw jute from Bangladesh now grow jute in their countries. At present Asian and African countries are our main markets for raw jute. New jute manufacturing industries have grown up in the Middle East and African countries. The share of countries in our export trade of jute has also undergone significant changes. Immediately after liberation India, UK, Belgium, Germany, France were our important trade partners but now Pakistan, Singapore, Indonesia, UAR (Egypt), Russia, Thailand are our principal importers of jute . India has now almost become self-sufficient in raw jute production.

A schematic presentation of flow of jute from primary market to International Market (export market) is presented in a flow chart below:

Flow of raw jute through markets

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Chapter IV

The Method of Study and Sampling

Method of Study:

Growers receiving a price as a result of marketing of jute is the subject of our investigation. For that we are to see the marketing facilities available in the primary market at present and what more to be created so that growers bargaining power become stronger in the face of strong bargaining power of the middlemen traders. Big traders in the secondary market invariably exercise a downward pressure on the price of loose jute in the primary market due to excess sale of jute by growers during harvest time, practice of non-sale of jute after quality determination, and high costs of processing of loose jute in the secondary market.

Since ours is a study concerning the growers, we followed in the Method of Study to interview the growers primarily. Growers sell only in the primary market and buyers are Farias and Beparis. So in our study we included the Farias and Beparis, (small, medium and big) for interview. Past study on marketing of jute was done by government appointed commissions. The method followed by Royal Commission on Agriculture, 1928, Provincial Banking Inquiry Committees 1929-30 and the two Bengal Jute Inquiry Committees 1932-33 and 1938-39 almost followed the same method. Their method of inquiry consisted in the collection and analysis of evidence of people representing various organisations who might be expected to possess expert knowledge and experience of agricultural problems of India. Their interviews were confined among government officials. The Jute Inquiry Commission of Pakistan, 1960 and the Socio Economic Research Board, D. U., 1958 left the growers out of their investigation due to vastness of the growers and complicated their problems. In the preface of the report, 'Marketing

of Jute in East Pakistan', it was admitted that the only significant deficiency in the procedure followed is that an important link in the chain of marketing viz. the producer of jute have not been interviewed. That is the problems of the growers in the primary market did not receive their attention. Both the Jute Inquiry Commission and Socio Economic Research Board reports were concerned with the middlemen traders. However, the Indian Central Jute Committee Reports 1941-42 touched on the farmers in its study. It undertook to make a comprehensive study including processing and transportation of jute and included farmers in their study. However, marketing problems of the growers have changed since the Indian Central Jute Committee Reports. Farmers then sold 75 p.c. of marketable surplus at their homes but now they sell 90 p.c. in village markets (hats), second, transport conditions were most unsatisfactory in the rural areas when Indian Central Committee prepared reports but now due to improved road transport growers find it convenient to sell in hats; third, the motive of the growers in marketing of jute has also changed. They now spend on producing rice due to cultivation of HYV paddy. They ceased to purchase rice with sales proceeds of jute except the small farmers. There were adulteration of jute, use of different measures in the primary market but now due to selling of jute by growers themselves in the market place there is no such malpractices. But some other fundamental problems of marketing i.e. sale of jute without grading, sale of jute when prices are lower, imperfect market knowledge on the part of growers, absence of financing loose jute retained.

We, therefore, thought it necessary to study the problems of marketing in the primary market where growers at present play an active part. They can now sell their jute themselves in the market, can avoid from paying an extra allowances and can bargain with Farias and Beparis. Further improvement can be achieved if the facilities now absent can be introduced in the primary market.

Sampling:

For drawing samples of growers we have taken one union from each of the three jute growing areas. Thus from the Jat Area we have chosen Palashtali union of Raipura under Narsindi district; from the District area we have chosen Ulgi union of Bhanga under Faridpur district and from the Northern area Pairaband union of Mithapukur under Rangpur district. Choice of the union from each of the jute growing area was, however, arbitrary. From each union a random sample of 33 growers of jute and from the three areas in total 99 growers are thus chosen for interview. We have used Fishers Random Sample Chart for this purpose. Growers are interviewed with questionnaire prepared for them. Farmers of different sizes were classified as done in the Census of Agriculture and Livestock, 1983-84. Those possessing holding size above 7.5 acres were called big, those possessing holding size between 2.5 acres and 7.49 acres were called medium and finally those possessing holding size below 2.5 acres were called small size. In the Census Report small sized farmers constituted 77.85 percent, medium size farmers 17.06 percent and big sized farmers only 4.29 percent. Samples in proportion to the size of each type of farmers have been drawn for interview. Thus around 75 percent have been drawn from small sized farmers, 20 percent from medium sized farmers and 5 percent from big sized farmers. It is to be noted farmers possessing 7.5 acre of land were very few in a union. Where they were short of requisite number we have taken a substitute whose holding size was near to 7.5 acres. We have chosen growers from the three areas which reflected their regional characters.

From the primary market we have also taken samples of dealers ;viz. Faria and Bepari. They lift jute from growers home and remote village hats. These people are floating and often do not belong to the area we took samples of

farmers. While drawing samples of dealers we have taken into consideration their sizes also. A small dealer usually buy and sell within the primary market while a medium and big sized dealer buys in the primary market and sell in the secondary market. A small sized dealer has trade volume usually of the size within 1000 mds; while a medium and big sized dealer has trade volume exceeding 1000 mds. In order to keep the sample size of dealers equal to the sample size of growers we have interviewed 33 dealers from each of the jute growing areas and in total 99 traders from the three areas. In the primary market dealers do not do any processing of jute except collecting from the interior of the villages and assembling in big village hats for sale to big beparis (merchants) and mill agents.

Besides the growers and dealers in the primary market we have interviewed the Aratdars, Kutcha balers, Pucca balers, Shippers and jute mills. The middleman traders in the secondary market make with loose jute kutcha and pucca bales for sale to jute mills at home and abroad. They also keep accounts of marketing cost of loose and baled jute. We have taken interview of 20 kutcha balers, 10 pucca balers and shippers from Narayanganj and Daulatpur. We have also interviewed the Aratdars Association at Narayanganj since through them 75 percent of country's loose jute is disposed of. In our study growers, village level dealers and big traders in the secondary market constitute the primary sources of information of marketing of jute.

Over and above the primary sources we utilized published data by the Directorate of Jute, Government of Bangladesh, Indian Jute Mills Association (IJMA), Food and Agricultural Organization (FAO), International Jute Organization renamed as International Jute Study Group based at Dhaka, Bangladesh Jute Mills Corporation (BJMC) and Bangladesh Jute Association (BJA). Directorate of Jute published Annual Review yearly on jute production,

arrival, off take, price of jute in domestic market and international market (their publication ceased after 1984). Indian Jute Mills Association regularly published an Annual Summary of Jute and Gunny Statistics' containing price, output, export, import, international price of jute and jute goods. FAO publishes in its monthly bulletin international price of jute and its substitutes, world production, consumption, export and import of jute. Bangladesh Jute Mills Corporation has also a quarterly publication on jute goods production, export, stock position and price of jute goods. Bangladesh Jute Association, on the other hand, quotes prices of baled jute at Narayanganj and Daulatpur. It also kept baling cost of Kutchha and Pucca bales in the past.

Chapter V:

Marketing Problems of the growers in the primary market.

5.1 The Primary Market: The Primary market, so called, is the loose jute market in the villages. Growers homes, village hats, and purchase centers, if any, opened by the jute mills and corporations in the outlying centers of the country constitute the primary market of jute. Primary market is at the bottom of marketing of jute succeeded by Secondary market (baling center), Terminal market (export point) and External market (export market). In the primary market farmers (hereinafter to be named as growers of jute) are the sellers of jute and buyers are Farias, Beparies, Paikers and Jolders(their trade names are dealers of jute). The number of growers of jute is said to be 1.5 million big and small in the country and the number of dealers is 21 thousand in the season 1991-92 according to the Directorate of Jute. Usually small size dealers confine their business in the primary market. They collect jute from growers home far away in inaccessible parts of the villagers and are thus called peripatetic traders and sell to relatively bigger size dealers in the village market. The medium and big size dealers, however, purchase loose jute in the primary market and sell in the secondary market (baling center).

The village hat, center of primary market, is not offering any special facility for marketing of jute. Like many other commodities, transaction of jute is done in open air space only on hat days. Temporary shades are also there in some markets to shelter jute from rain or to confine jute transaction in a particular place. In relatively bigger hats, big beparies also own shops for buying and selling of loose jute. They also store loose jute for later sale. In the village market no other storing facility like licensed warehouse was found although their creation was recommended by the Jute Enquiry Commission. The village hats are now-a-days well connected by all weather

roads. Light transport like rickshaws, rickshaw vans, highway lorries are also found to transport jute replacing country boats as means of carrying jute. In the past in the north Bengal carts driven by pack animals was used but now these are on way to extinction also. In low lying parts the country like Bhanga in Faridpur beparies still use country boats to collect jute from growers home but in up country like Mithapukur where roads are important means of transport it is not difficult to collect jute from the interior of the villages using road transport. In the past, small boats were used by beparies taking advantage of the over flown rivers and canals during monsoon. But at present most of the beparies have no boats of their own and they use rickshaw, rickshaw vans as well as headloads for collecting jute from the interior of the villagers. Now road transportation has been easier compared to the water transportation system of the past.

The number of hats in rural areas has also increased. Growers can avail the nearest hats in their villages to dispose of jute by themselves. No longer they are to wait for itinerant Farias and Beparies who used to collect jute from homes in the past. It has been seen growers sell their jute within 0.5-5 k.m distance from their homes and use rickshaw and rickshaw vans for the purpose. Excepting roads and light transport, no other physical and financial facilities are seen in the rural areas compared to those available in the urban centers. Thus the holding power of the growers remained weak and individually they are to face the beparies in the market. Dealers, though small, can dictate prices in the village market as they are financed by and have trade link with big beparies in the secondary market.

5.2 Character of growers (sellers) in the primary market:

We have taken 75 p.c of sample of growers from those who possessed 2.5 acres of land or less, 20 p.c from those who possessed holding size between above 2.5 acres and less than 7.5 acres and 5 p.c. from those who owned above 7.5 acres. The percentage of farmers taken are in conformity with the classification of farmers done according to their size of holding in the Census of Agriculture and Livestock in 1983-84 by Ministry of Agriculture. The character of the farmers in the three areas also differ greatly. A farmer in Raipura puts on an average 0.51 acres of cultivable land under jute out of his 3.23 acres, in Bhanga he puts 1.24 acres out of his 3.20 acres of cultivable land and in Mithapukur he puts 0.90 acres under jute out of 3.48 acres of cultivable land. In terms of percentage a farmer in Raipura puts 15.79 p.c of cultivable land under jute; in Bhanga a farmer puts 38.75 p.c under jute and in Mithapukur he puts 25.86 p.c under jute. The average of the three areas stood at 26.80 p.c of cultivable land under jute. The country's average is 13 p.c of cultivable land under cultivation of jute. The discrepancy between country's average and the average figure worked out from our sampled farmers is due to our selection of farmers from better known jute growing areas of the country. Country's average is based on large number of farmers including those from less productive areas of the country. For example, farmers in Barisal, Noakhali, Sylhet ,Chittagong cultivate less jute but more paddy. But in our survey areas farmers in Bhanga cultivate more jute than paddy and in other two areas viz. Mithapukur and Raipura they also cultivate jute well above country's average. Farmers also prefer to put more acreage under tossa jute than under white jute. This is a revision of their past behavior. Country's acreage under

white jute and tossa jute in 1981-82 was 9.30 lakh acres and 4.78 lakh acres respectively but at the end of the same decade in 1989-90 acreage under white jute decreased to 5.20 lakh acres and acreage under tossa jute increased to 8.19 lakh acres. Acreage under white jute further decreased to 3.93 lakh acres in 1992-93 season as against 7.48 lakh acres under tossa jute. Earlier flood prone areas were normally put under white jute but now irrigation and flood control project in the country enabled to put those lands under tossa variety of jute. The use of HYV 0-987 tossa variety of jute made it possible to cultivate tossa jute early in the season along with white jute also. Further, farmers prefer to put more acreage under tossa jute due to high price of tossa jute as well as more demand by jute mills. In the survey areas growers put 85.28 p.c of jute acreage under tossa jute and only 14.72 p.c under white jute and production of tossa jute was 86.59 p.c and production of white jute was 13.41 p.c. In Bhanga growers cultivated only tossa jute and fine quality tossa jute is grown there and price is also high. In Raipura of Norsingdi located in the Jat area, quality tossa jute is grown and per family production of tossa jute was 8.80 mds. and white jute was 3.57 mds. In Mithapukur per family production of tossa jute was 11.93 mds and of white jute 4.42 mds. Per family production of tossa jute in Bhanga is 30.85 mds where no white jute is being cultivated. Per acre yield of tossa jute is also the highest in Bhanga 24.87 mds. followed by 24.25 mds in Raipura and 18.16 mds. in Mithapukur.

Farmers cultivate jute solely as cash crop and their entire production is marketable surplus. In contrast, their motive for growing paddy, pulses, oil seeds and vegetables are for family consumption. As a result, they revise the acreage under jute when expectation from earning jute varies from season to season. This is also the cause of fluctuation of price of jute from year to year

besides the weather condition. Their motive for earning more cash, however, cannot deter them from early sale of their jute and they sell mostly during harvesting time from July to October even at a lower price.

Farmers, however, sell in smaller lots almost in all the areas. In Raipura they sold 44.0 p.c within lots 1-5 mds. and 30.0 p.c within lots 6-10 mds. Thus almost 74.0 p.c of jute was transacted within lots 1-10 mds in that area. In Mithapukur growers sold 47.17 p.c. within lots 1-5 mds. and 30.19 p.c within lots 6-10 mds. Thus they sold 77.36 p.c within lots 1-10 mds. A small difference is found in Bhanga where growers disposed of 29.69 p.c within lots 1-5 and 29.67 p.c within lots 6-10 mds. They also sold 18.75 p.c within lots 11-15 mds, 6.25 p.c within lots 16-20 mds, 15.62 p.c within lots of the range 21 mds. and above. Some farmers in Bhanga cultivated jute in large quantity and they waited for Beparis at home to dispose of in bigger lots. In all the three areas the common behavior was that medium and small sized farmer prefer to sell in smaller but in many lots. 50 p.c of medium sized farmers and 61.54 p.c of small sized farmers in Raipura, 67.74 p.c of medium sized farmers and 80 p.c of small sized farmers in Mithapukur, and finally 51.72 p.c of medium sized farmers and 48.39 p.c of small sized farmers in Bhanga prefer to sell within lots 1-5 mds. Small and medium sized farmers also sell at short interval. On almost on each hat day they sell jute. But big farmers sell at long intervals since they can wait as well as dispose of at bigger lots to big beparis . In Bhanga a few big farmers sold 30-90 mds in a lot and in Mithapukur some big farmers sold 30-60 mds in a lot. In comparison in Raipura big, medium as well as small farmer sold mostly in smaller lots. This is due to their smaller size of average produce and nearness of market. Details of jute sold by farmers in the three areas and

size of lots is given in the Appendix of table. It is to be noted, the peak of sale in Raipura and Mithapukur was early August but the peak of sale in Bhanga was November due to late harvesting.

When growers sell their jute, they sell more in hats and less at homes. In the three survey areas, the average quantity they sold at village hat was 66.30 p.c, 33.57 p.c at home and only 0.30 p.c at baling centers. If we take the three areas separately then farmers at (Palashtoli Union at Raipura) sold 94.23 p.c at hats and 5.77 p.c at their homes. Polashtali Union is near to Raipura Bazar and there is easy availability of road transport. At Mithapukur farmers sold 94.24 p.c at hats and 4.65 p.c at home and 1.11 p.c at baling centers. Less sale at home was due to better road transport connecting Pairaband (within Mithapukur) with hats. In Bhanga the picture is different. Farmers sold 60.35 p.c while staying at home, 39.65 p.c at village hats and nothing sold at the baling centers. More sale at home was made possible due to Beparis calling on at home. The behaviour of farmers to sell more at hat and less at homes is also a departure of their past behaviour. According to the Indian Central Jute Committee Report 1937-38, 81 p.c of raw jute was sold by the growers in their own homes, 15 p.c was sold in primary market (village hats), and 4 p.c was sold at the baling centers (secondary markets). In North Bengal 75 p.c was sold at homes, 18 p.c in village hats, and 7 p.c in baling centers. The change at present is due to improvement in road transport which enabled the farmers themselves to sell at village hats. In the past, during monsoon farmers remained cut off from centers of sale and beparis with their small boats collected jute from them. Boat was their means of transport using over flown rivers and canals in the wet season. Earlier growers used to sell in bigger lots to Beparis who visited them during monsoon. But now a days growers seldom sell at home and can avail light

vehicles and road transportation to bring jute to the village hat by themselves and prefer to sell at smaller lots. In the past they sold to dealers available at home. It is also advantageous to the growers since dealers lifted in smaller lots and purchased on cash payment on the spot in which growers are interested. None of the growers told to have sold to mills purchase centers opened in outlying centers since those were out of their reach. Moreover, mills pay through bank guarantees which do not suit the growers need. Growers' demand spot payment and in cash. Growers admitted that they have no special preference for dealers but they have no other alternative. This also gave the dealers an unique opportunity to bargain with the individual grower. The need for quick sale by growers and their only opportunity to sell to dealers tilted the bargaining power in favour of the dealers. Growers could not form association among themselves to deal with the traders since such associations did not grow in the past. The following table illustrates the percentage of jute sold by individual farmers at home or at village hats or at mills centers.

Table-5.1

Quantity of jute sold at home, at hats and mill purchase centers by the growers in the three areas. (Figures in Percentage.)

Name of areas	At home	At village hats	At mill centers
Raipura	5.77	94.23	-
Bhanga	60.25	39.65	-
Mithapukur	4.65	94.24	1.11

Details in the appendix of table's. *Table - 7*

As have been seen jute is not the main crop of jute growers. Their main crop is paddy. Jute constitutes 16.40 p.c of their cultivable land whereas paddy

(all varieties) constitutes 62.60 p.c and all other crops like wheat, sugar cane, pulses, potatoes, oilseeds, vegetables 21 p.c. Jute is singularly important to them since jute is their cash crop and country's foreign exchange earner. According to Jute Enquiry Commission 25 p.c of country's acreage is particularly suitable for cultivation of jute. Growers of jute, however, reduced their acreage under jute due to unfavorable market conditions at home and abroad. This trend will continue in future unless cultivation of jute can be made remunerative compared to food crops particularly paddy. Growers bargaining power in the primary market is to be strengthened and marketing facilities particularly for jute are to be created so that growers find jute cultivation advantageous. Growers in Bangladesh have traditional links with cultivation of jute.

5.3 Character of Dealers (buyers) in the primary market:

In the primary market dealers are the buyers of jute from the growers. They are peripatetic Farias & Beparies, big Beparies(merchants), Paikars, Dalals, Aratdars all collecting loose jute at village hats or from growers homes. According to the Directorate of Jute there were 21,114 registered dealers of all categories all over Bangladesh in the season 1991-92. Traders purchasing loose jute in the primary market are of different sizes having trade volume varying from a small quantity of 100 mds to a large quantity of 5000 mds during a season. Generally small sized dealers confine their business only to primary market but big beparies purchase loose jute in the primary market and sell in the secondary market. There is some classification of loose jute (Jachandari) in the secondary market also but there is no such classification in the primary market. Among the dealers whom we took interview 20.41p.c had trade volume 500 mds and less, 16.33 p.c had trade volume between

500 mds and 1000 mds, 21 p.c had trade volume between 1000 mds and 2000 mds, 7.14 p.c between 2000 mds. and 3000 mds., 5.10 p.c between 3000 mds and 4000 mds and 4.08 p.c between 4000 mds and 5000 mds and the rest above 5000 mds. The following table illustrates the size of dealers (sampled) in the primary market.

Table: 5.2**Size of dealers in the primary market.**

(Figures in parentheses are in percentage)

	0-500 mds	500- 1000	1000- 2000	2000- 3000	3000- 4000	4000- 5000	5000 and above
Raipura	6	6	8	1	2	2	8
Bhanga	9	4	3	3	3	-	11
Mithapukur	5	6	10	3	0	2	6
Total	20 (20.41)	16 (16.33)	21 (21.43)	7 (7.14)	5 (5.10)	4 (4.08)	25 (25.51)

In the primary market, the medium and big sized dealers(dealing in 3000-5000 mds) are usually engaged by aratdars, balers, shippers staying in the secondary market to buy loose jute for them from the primary market on payment of commission. Sometimes big beparies on their own also trade in loose jute in the secondary market. Mills and government corporations open their agencies in the primary market and through their agencies lift loose jute from small dealers in the primary market. Outstation agencies opened by balers are rarely found now-a-days although these were once common.

An important character of the dealers of jute in the primary market is that most of them are seasonal traders and engage themselves in jute business during the harvesting season of jute. Once the harvesting season is over they

shift to other trades like paddy, pulses, oil seeds, molasses, fruits and spices. Many of them are also self employed farmers and return to farming after the harvesting season of jute is over. Dealers of jute get licenses annually and license fee is Tk. 175.0 per dealer. On interviewing the dealers in the primary market we found 75.50 p.c of them are part time without having any shops and shift to other business once jute season is over but 24.50 p.c have also shops in important village hats and engage in jute business along with trading in other commodities. They may be treated as full time since they also store jute in their shops for later sale although they are not solely engaged in jute trade. In some big bazar like Raipura and Narayanpur in Narsingdi, Pukuria and Talma in Faridpur, Gangachara and Lalbagh in Rangpur dealers have their shops where they engage themselves in jute and other trades throughout the year. The following table illustrates the full time as well as part time (seasonal) dealers of our samples.

Table-5.3

Number of part time (seasonal) and full time dealers of our samples.

(Figures in parentheses are in percentage)

Areas	Part time	Full time	Total of Traders
Raipura	18	15	33
Bhanga	25	8	33
Mithapukur	31	1	32
Total	74 (75.5)	24 (24.5)	98 (100.00)

Dealers of jute in the primary market whether part time or full time are less equipped with the full knowledge of the fiber quality of jute. This is since there is no practice of buying and selling of loose jute on grading basis. Eye

estimation of the quality of jute is the rule. As a result, quality of jute estimated by dealers differs from one another as well as from place to place. This is likely to affect the interest of the growers as well as dealers. As a general practice all loose jute is regarded as bottom quality jute by the buyers. Moreover, quality determination of the same jute in the primary market as well as in the secondary market may differ causing loss to the traders. Knowledge of the traders about the quality of jute purchased depends on the length of the experience of individual traders in this field. However, since the majority of the dealers are part time and also change their business, even long time trading in jute does not help them in acquiring technical knowledge of the quality of jute. The following table illustrates the dealers' experience in the trading of jute.

Table 5.4

Length of the dealers in jute business in the survey area.

(Percentage in parentheses)

Areas	0-5 yrs	6-10	11-15	16-20	21 and above	Total number of dealers
Raipura	12	10	4	3	4	33
Bhanga	13	9	4	4	3	33
Mithapukur	13	7	6	2	4	32
Total	38 (38.77)	26 (26.53)	14 (14.29)	9 (9.18)	11 (11.22)	98 100.0

According to the opinion of the traders in jute business, a traders require at least ten years experiences in order to be equipped with the knowledge of quality judgment of jute. Since among the traders interviewed 65 p.c had

less than this experience, we may assume that in jute business there is want of experienced traders particularly among the peripatetic dealers.

The nature of the dealers in the primary market has substantially changed with the change in the physical characters (transportation) of the primary market. Earlier beparies possessed boats which they used for carrying jute. But development of road transportation and using of rickshaw and rickshaw vans made little use of boats and carts driven by pack animals. This was seen in most areas of Raipura and Mithapukur. But in Bhanga during rainy season beparies still use country boats and growers also prefer them since they can sell to them staying at home. However, transport cost of both rickshaw, rickshaw vans and boats are almost the same but on the rise. To carry a maund of jute by rickshaw or by boat up to a distance of 5 k.m. now costs Tk.5 and more than 5 k.m costs them Tk. 10 per maund. Rickshaw and vans can be used throughout the year but boat is used only during the rainy season when canals and rivers are full of rain water. Moreover, since growers now-a-days sell mostly in village hats, their dependence on beparies to collect jute from their homes has been substantially reduced. Baparies concentrate in purchasing jute at the market place and selling those to another class of beparis till jute is assembled for sending to secondary market by lorries or by big country boats. The cost in the primary market is, however, only for transportation.

Among the dealers there are some who are engaged by other, relatively bigger ones to collect jute for them. In that case finance is provided by the big dealers to the small dealers. But there are also others who work independently and depend on their own finance or borrowed from partners, friends and relatives. In any case those who are small use little money in jute

business and quickly shift to other business. The financial standing of the small dealers is very weak and they are usually assisted by big dealers (called merchants). But the big dealers who supply to balers and mills have strong financial standing. They also get loans from banks (against personal assets), advances from balers and aratdars. They also make credit sale to the balers and mills. Those who trade independently have licenses but those who do business for others may not have licenses. That may lead to malpractices in primary market. However, since primary market is the bottom of jute marketing, there is need for supervision of the dealers, otherwise marketing at other stages will not be smooth. Regulated markets in the primary market suggested by different commissions is to control the behavior of traders in the primary market.

5.4 Marketing Problems of the growers : Early sale of jute.

Growers of jute need cash income during the harvest season of jute and this prompted them to sell early their jute. Now-a-days cropping pattern in the country has also changed. High yielding varieties of Aman, Boro and Aus are cultivated all the year round. Cultivation of HYV paddy involves huge costs on account of labor and capital inputs. Moreover, a part of their income they are to spend on repayment of loan, purchase of land and power animal and meeting of daily necessities. Jute is the main source of income of the growers during harvest time extending from July to October. So, the growers cannot stay away from selling their jute at the earliest opportunity. It was also observed that they spend the total amount of cash earned through sale of jute within December of the jute season from July to June. Thus any suggestion that growers could have stored their jute if storage facilities were

created to them do not hold good unless adequate funds are also provided against storage of jute.

In the three areas surveyed viz. Raipura, Bhanga and Mithapukur growers disposed of 84.52 p.c of their jute by the end of the month of December of the season 1994-95 and the rest 15.84 p.c remained unsold mainly for domestic consumption. Some of them, of course, told that they could have sold this portion also but could not find time. It may be mentioned here price of jute in the season 1994-95 was lower than in the previous season 1993-94. Average price of jute in the three areas was Tk.261.0 per md in the season 1994-95 and Tk 305.0 per md. in the season 1993-94. Those who totally sold their jute before December gave their opinion that they could have stayed away from selling a part of their jute had there been alternative facilities open to them. By alternative facilities they would mean storage facilities provided by the government, supply of adequate funds and timely sale of their jute at a relatively higher price. The opinion of the growers clearly proved that they expected a fair price of their produce but were compelled to sell early due to their need for cash. They have no speculative motive either. The intensity of sale of jute by the growers in the three survey areas is given in the following table.

Table 5.5

Intensity of sale of jute by the growers in the three survey areas in the jute season 1994-95 (Figures are in percentages)

Areas.	July	August	Sept.	Oct.	Nov.	Dec.	kept unsold till Dec.
Raipura	6.42	30.54	27.91	9.30	13.13	1.59	11.11
Bhanga	2.19	10.94	8.12	16.83	22.61	22.56	16.73
Mithapukur	7.41	51.13	13.25	2.96	6.58	2.22	16.45
Average of the three areas	5.34	30.87	16.43	9.70	14.11	8.79	14.76

Details Appendix of tables. *Table - 1*

Survey of the growers in each of the jute growing areas is done in the month of December when growers almost sold their jute and a little left is for family consumption. It is seen from the table above, intensity of sale was the highest in the month of August and then in September. Relatively higher percentage of sale in the month of November is due to extension of harvesting season till November in Bhanga of Faridpur district, a low lying area for jute cultivation. Farmers in both Raipura and Mithapukur dispose of most of their jute in the months of August and September. Both are relatively high land also. Farmers in Raipura sold 30.54 p.c in the month of August and 27.91 p.c in September. In comparison in Mithapukur farmers sold more early 51.13 p.c in August and 13.25 p.c in September. Bhanga is a low lying area of Faridpur district and tossa variety of jute is only grown there. It is sown in April-May and harvested in October-November. In comparison white variety of jute is early sown in February and March in the

other two areas and harvested during August-September. Thus farmers in Bhanga sold only 10.96 p.c in August and 8.12 p.c in September and maximum quantity they sold in October, November and December. They sold 16.83 p.c in October, 22.61p.c in November and 22.56 p.c in December. The geographical character of the three areas determines not only the time of sowing, harvesting, and selling of jute but also the quality of jute grown in these areas. Thus good quality jute both white and tossa are found in Raipura(Narsindi) in the Jat area but low quality of both white and tossa are grown in Mithapukur in the Northern area. In comparison very high quality tossa jute is grown in Bhanga within the District area. Scarcity of retting water and high land are the causes of poor quality of jute in the Northern area but availability of retting water and low land are the good causes of high quality jute grown in the Jat and the District area. The intensity of sell in different areas also showed a shift in the peak of sale as reported by the Indian Central Jute Committee in 1941-42. According to that report 68.0 p.c of raw jute in East Bengal (now Bangladesh) is sold by the growers between July and October and 75.0 p.c. of jute in North Bengal (a part of which in now India) is sold between August and November. The peak of sale in both the areas being the month of September. But the peak of sale in our survey areas falls in the month of August. The shift in the peak of sale during August is due to early cultivation of HYV T.Aman throughout Bangladesh . Growers cultivate HYV T. Aman in the months of July and August and they need huge working capital for purchasing labor and capital inputs. This situation did not exist when the Indian Central Jute Committee prepared its report in 1941-42. In Raipura and Mithapukur there is more acreage under HYV T. Aman cultivated in July-August. In comparison, there is more cultivation of pulses, oil seeds, HYV Boro in Bhanga after

November. So farmers in Bhanga were not in a hurry to sell their jute early. But farmers in Mithapukur and Raipura were quick to sell their jute since they are to incur labor and material cost of T. Aman during July-August. The following table gives the cropping pattern in the areas surveyed.

Table 5.6

Cropping pattern and acreage put under different crops in the survey areas
(Figures in parentheses are in percentage)

Areas	T. Aman	B. Aman	HYV Boro	Aus	Jute	Wheat	Sugarcane	Pulses	Potato	Oil seeds	Vegetables	Chillies	Tobacco	Total
Raipura	56.07 (38.18)	-	53.65 (36.53)	-	16.94 (11.53)	-	-	2.47 (1.68)	3.34 (2.29)	5.55 (3.78)	7.59 (5.17)	1.25 (0.85)	-	146.86 (100.00)
Bhanga	18.25 (10.78)	5.42 (3.20)	41.92 (24.77)	-	41.09 (24.28)	9.09 (5.37)	-	29.15 (17.22)	-	24.33 (14.38)	-	-	-	169.25 (100.00)
Mithapukur	91.02 (41.01)	-	68.23 (30.75)	0.33 (0.15)	29.74 (13.40)	-	2.02 (0.91)	2.86 (1.29)	20.52 (9.25)	3.28 (1.48)	3.0 (1.25)	0.35 (0.16)	0.55 (0.25)	221.9 (100.00)

Details Appendix of tables. *Table - 2*

The difference in the cropping pattern in the three areas shows T.Aman, HYV Boro and vegetables are more cultivated in Raipura, whereas T.Aman, HYV Boro and potato are more cultivated in Mithapukur. In Bhanga there is more cultivation of oil seeds, pulses and HYV Boro. Changed cropping pattern shows HYV Aman is sown in July-August and their local names are BR-10, BR-30, BR-31, BR-32, BR-22, BR-23. Local T.Aman called Pajam is also cultivated in July- August in the greater Dhaka district. Chandina, a Boro variety, is cultivated in Bhanga during November-December. HYV Aus namely BR-532, BR-8, BR-3(Biplob), BR-26 (Sraboni), BR-14 (Gazi), local Aus and Broadcasting Aman are cultivated in February-March as a substitute crop and also with jute on the same land. Besides paddies,

wheat, potato, vegetables are cultivated in October-November and harvested in January-February everywhere in Bangladesh.

Situated in the most productive area of jute, per acre yield of jute is also the highest in Bhanga and farmer therein puts more acreage under jute. On an average a farm family puts 1.24 acres out of 3.20 acres of cultivable land in the cultivation of jute. In comparison in Raipura a family puts only 0.51 acres out of 3.23 acres of cultivable land in jute and in Mithapukur a family puts 0.90 acres out of 3.84 acres of cultivable land under jute. Per family production of jute in Bhanga is 30.25 mds, but in Raipura 12.37 mds and in Mithapukur 16.35 mds. Less production of jute and more need for cash, therefore, compel the farmers of both Raipura and Mithapukur to sell more early their jute. Moreover, harvesting of jute in both Raipura and Mithapukur starts early from July but in Bhanga harvesting starts largely from September and continues till November. In the following table is given the family holding size in three areas and acres put under jute.

Table 5.7

Family Size of holding and acres put under jute in the three areas surveyed

Areas	Total Size of Holding(acres)	Acreage under jute (acres)	Total production of jute(mds)	Per acres yielded of jute (mds)
Raipura	3.71	0.51	12.37	24.25
Bhanga	3.54	1.24	30.85	24.87
Mithapukur	4.42	0.90	16.35	18.16

Details in Appendix of tables. *Table-3*

Utilization of cash money got from sale of jute: From utilization of cash money got from sale of jute, we may also guess the need for early sale of

jute by the growers. The lion's share of their income from jute is used as working capital for purchase of inputs used in the cultivation of Aman paddy which is cultivated when harvesting of jute is also going on. Different processes of cultivation of HYV T.Aman involves huge labor and capital cost. Growers also spend a big portion of their income from jute on purchasing daily necessities including food. During the harvest season of jute they have no other known source of income other than from sale of jute. Further, jute is cultivated mainly as their cash crop. They consume a little portion of it for domestic purposes. In the following table is illustrated the use of funds received from sale of jute in December of the season 1994-95 in the three survey areas.

Table 5.8A

Use of funds got from sale of jute till December of the season 1994-95

(Figure in Percentages)

Survey Areas	Labor cost of T.Aman	Mat. cost of T.Aman	Labor cost of Rabi	Mat cost of Rabi	Cost of harvesting of jute	Exp. on daily marketing	Exp. On Food	Exp. on Edn. & health	Exp. on festival	Repayment of loan	Purchase of power animal	Purchase of land	Repairing of houses	Purchase of agri. tools	Investment in business	Cash at hand	Total
Raipura	40.94	12.69	1.04	2.70	-	9.04	8.98	5.08	1.11	2.60	9.68	2.39	-	0.94	2.81	-	100.00
Bhanga	13.97	6.0	4.81	0.06	15.40	25.62	8.55	2.11	1.59	10.08	2.76	3.76	1.82	-	0.84	2.63	100.00
Mithapu - kur	41.23	18.15	3.61	2.23	1.45	17.78	4.41	0.54	-	4.91	-	4.22	-	-	1.46	-	100.00

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Details in Appendix of tables 5.8A.

Table - 4

In the above table (5.8A), the single most important item occupying a major share of income from jute is labor and material costs of T.Aman irrespective of the areas. They occupied 53.63 p.c in Raipura, 59.38 p.c in Mithapukur and a little less than 19.97 p.c in Bhanga. Lesser expenditure on T.Aman in Bhanga is due to lesser acreage in T.Aman in that area. However, less expenditure on cultivation of T.Aman is compensated by additional expenditure on harvesting and taking of jute in that area. Fine quality tossa jute is grown in Bhanga and farmers engage hired labor in harvesting, retting, washing, and drying of loose jute at home. Labor was also hired for harvesting of jute in Mithapukur. Daily marketing i.e. buying of necessary items occupies the next big item of expenditure in all the areas. In Bhanga farmers spent 25.62 p.c on this item, in Mithapukur 17.78 p.c and in Raipura 9.04 p.c. Purchase of food (rice) is also an important item of expenditure which occupied 8.98 p.c in Raipura, 8.55 p.c in Bhanga and 4.41 p.c in Mithapukur. Cultivation of rabi crops is an important item of expenditure after cultivation of T.Aman. Potatoes are abundantly grown in Mithapukur; vegetables like beans, brinjal, kakrol are cultivated in Raipura; pulses and mastered oil seeds are widely cultivated in Bhanga. On rabi crops farmers spent 5.84 p.c in Mithapukur, 4.87 p.c in Bhanga and 3.74 p.c in Raipura. On purchase of power animal farmers spent 9.68 p.c in Raipura and 2.76 p.c in Bhanga. On purchase of land they spent 2.39 p.c in Raipura, 3.76 p.c in Bhanga and 4.22 p.c in Mithapukur. Farmers of Raipura spent 0.94 p.c of their income on purchase of agricultural tools. Educational & Health constituted 5.08 p.c in Raipura, 2.11 p.c in Bhanga and 0.54 p.c in Mithapukur. Festivals occupied 1.11 p.c in Raipura, 1.59 p.c in Bhanga. Investment in Business other than agriculture occupied 2.81 p.c in Raipura, 0.84 p.c in Bhanga and 1.46 p.c in Mithapukur. Repayment of loan

to money lenders is an important item in all the areas. In Bhanga farmers spent the highest 10.08 p.c on this item, in Raipura the lowest 2.60 p.c and in Mithapukur 4.91 p.c. After spending on all these items no fund from sale of jute was reportedly left unspent after December in Raipura and in Mithapukur. Only in Bhanga farmers told that they still hold some funds unspent and that also only 2.63 p.c of their total earning from jute up to December.

From the use of funds an important character of the farmers become visible. In all the areas, they spent more and more on cultivation of paddy from the sale proceeds of jute. Earlier, the idea was during the lean period of the season farmers were to meet the shortage of food through sale of their jute. But from analysis of our data it was found that only the small sized farmers did so. Big as well as most of the medium sized farmers did not spend on purchase of food(rice). This was made possible by the cultivation of HYV type of paddy in all the regions. In the following table we will see only the small farmers having holding size less than 2.5 acres spend more on food (rice) but big and medium sized farmers now-a-days spend on growing food.

Table 5.8 B

Income from jute spent on purchasing foods and /or cultivation of Paddy and Rabi crops in the survey areas. (Figures in percentage)

Areas	Spent on lab. input for T.Aman	Spent on mat. input for T.Aman	Spent on lab. input for Rabi	Spent on mat. input for Rabi	Spent on pur. of food
Raipura					
Big	43.26	48.10	8.64	-	-
Medium	42.93	8.83	-	6.59	-
Small	38.60	6.98	-	-	19.11*
Bhanga					
Big	14.54	7.02	10.26	0.15	-
Medium	24.93	9.63	-	-	5.18*
Small	13.97	6.00	4.81	0.06	8.55*
Mithapukur					
Big	57.77	22.96	2.88	2.41	-
Medium	35.57	15.95	4.85	2.66	2.73*
Small	24.71	14.46	2.42	1.07	15.19*

Details in Appendix of Tables. *Table-4*

Figures marked with asterisk indicate expenditure on purchasing food(rice) directly. Only the small sized farmers possessing holding size less than 2.49 acres spent on purchasing rice. They are always in short of food during the lean period before harvesting of Autumn paddy. The sale proceeds from jute are an important source of cash income for them to purchase food. Other categories of farmers spent more on growing food, that is, on cultivation of paddy. Thus any suggestion to store jute for later sale in the season will not hold good unless compensating funds are created for those cultivators spending on cultivation of paddy.

A few other reasons for early sale of jute: It is sometimes believed that farmers had no separate storage facilities except their dwelling houses and that to be vacated before harvesting of autumn paddy. It was also believed that due to risk of damage by insects or fire or loss of weight in storage farmers are quick to sell their jute. Moreover, Farias and Baparies are only seasonal traders and they left the villages after the harvest season is over. Farmers prefer them since they visit their houses to collect jute with their own transport during the monsoon every year. After the monsoon bulky jute cannot be transported easily from the remotest part of the villages. Opinion of the farmers were sought on one and all of the these issues for farmers' quick sale of jute. However, their opinion is that these reasons are secondary to them. The prime reason was how to get cash money early to be used for purchase of labor and material inputs for cultivation of HYV T. Aman coinciding with the harvesting of jute. They are also in need of jute stick for fuel as well as for fencing of dwelling houses. The response of the farmers on these issues is presented in the following table.

Table 5.9

Reasons other than cultivation of paddy for quick sale of jute

Reasons other than cultivation of paddy	Positive response of the samples		
	Raipura	Bhanga	Mithapukur
Absence of storage facilities except dwelling house	12	15	22
Risk of Damage of by insect, fire or loss of weight	25	7	19
Preference for Faria, Bapari, who call on at home.	1	18	2
Non availability of and other source of loan.	13	21	14

Details in Appendix of tables. *Table-5*

It is to be observed that the above reasons are also there for early sale of jute but not so important as their need for cash to meet the need for cultivation of paddy. That means without solving their need for cash money for cultivation of paddy, the solution of these less important issues will not help to stop early sale of jute. Their opinion is that there is no alternative to cash money during the harvest time of jute. In the past Marwari, a Culcatta based money lending class, used to lend the growers and took their jute during the harvest season. This source is now absent. Bank finance is also not directly available for financing of loose jute. In this situation growers had no alternative but to resort to early sale of their jute.

Questions were also put to the growers as to why they sell early although price level during the harvest time is lower. The opinion of the farmers is that after the harvest season price may go up slightly but they feel the need of cash more during the harvest time. Speculative motive on part of the growers as well as small traders are verily absent. Small traders are also quick to change their trades after the jute season is over. They do not possess

sufficient capital to stay on jute business alone. Thus early buying and selling of jute is the character in the primary market. But the wait and see policy of the traders in the secondary market cause the price of jute to go down further during the harvest time. Aratdars, Balers and jute mills wait to see the arrival of jute early in the season. Mills do not start purchasing before provision of funds is made available in the national budget. Export sales of jute begins not before November. Meanwhile, primary market become overburdened with excess arrival of jute causing price to slash down particularly in the season when there is a good harvest. This is also the reason for wide fluctuation of jute prices from season to season.

No speculative motive among the growers is visible from the small quantity of jute they hold after December. Big and medium sized farmers naturally can hold back but small sized farmers sell very quickly and in smaller lots. Growers big or small, however, prefer an early sale. In Bhanga farmers wait for Beparies who call on them at homes. But in Raipura and Mithapukur due to better road communication farmers take their jute to the nearest villagers on their own. The following table gives the percentage of jute remain unsold in the hands of different groups of farmers in the three areas till December of the seasons 1994-95.

Table 5.10

Quantity of jute left unsold by different groups of farmers till December of the season 1994-95.

Quantity in mds.

(Figure in parentheses are in percentag).

Areas		Big	Medium	Small
Raipura	Average Produce(mds)	32.5	12.20	10.03
	unsold quantity(mds)	8.0 (24.62)	1.72 (14.07)	0.23 (2.29)
Bhanga	Average Produce(mds)	90.0	31.5	13.28
	unsold quantity(mds)	18.0 (20.0)	4.90 (15.56)	1.61 (12.13)
Mithapukur	Average Produce(mds)	49.6	13.75	7.09
	unsold quantity(mds)	13.60 (27.42)	0.96 (7.01)	0.52 (7.10)

In Bhanga due to late harvesting growers kept a bigger proportion unsold but in the two other areas excepting the big farmers (whose average size of produce is also high) farmers of smaller size exhausted their stock quickly. Moreover, the big size farmers sell in fewer lots but medium and small sized farmers sell in many but smaller lots. This is due to very low holding power of the smaller farmers. In the following table is given the average produce and number of lots of which each group sold their jute.

Table 5.11

Average produce and number of lots in which each group disposes of his stock.

Areas		Big	Medium	Small
Raipura	Average Produce(mds)	32.5	12.20	10.03
	No. of lots	5	20	25
Bhanga	Average Produce(mds)	90	31.5	13.28
	No. of lots	12	27	25
Mithapukur	Average Produce(mds)	49.6	13.75	7.09
	No.of lots	10	22	21

The above table shows that the average produce of a farmer is bigger in Bhanga followed by in Mithapukur and in Raipura. Sometimes a farmer in Bhanga prefers to sell in lots having 30-90 mds. In comparison farmers in Mithapukur and Raipura sell in smaller lots. In Bhanga farmers told that they prefer to save cost of transport through selling to Beparies in bigger lots who call on them at home. But in the other two areas farmers themselves carry to nearby hats and make it convenient to sell in smaller lots.

Sometimes monsoon was cited as the cause of early sale of jute. Farmers quicken selling their jute before rivers and canals dry up with the passing of wet season. This situation no longer exists in the rural areas of Bangladesh. Now there is road link between hats and villages and growers can use light transport like rickshaw and vans to carry jute from the interior of the villages. Farmers also sell their jute in their nearest hats using these types of transport. The following tables gives the average distance of hats where the growers dispose of their jute.

Table 5.12

Average distance of hats where growers sell their jute.

Areas	Average distance	Range of distance
Raipura	4.35 k.m	3.5 - 6.km
Bhanga	2.16 k.m	0.5 - 4 k.m
Mithapukur	2.62 k.m	0.5 - 10 k.m

Although there is better transport & communication now- a-days growers make a hurry to sell to the Baparis since traders shift to businesses other than jute after the harvesting season of jute is over. Farmers also cannot carry their jute to distant secondary markets due to high transport costs and risk involved. Therefore, early sale of jute by growers is not only due to their need for cash income but also due to physical limitations existing in the primary market.

5.5 Monopoly power of the traders : Problems of marketing in the primary market firstly relates to the weak bargaining power of the growers and secondly the restricted nature of marketing facilities available in the primary market compared to those in the secondary market. The first problem has been identified as something fundamental while the second that is restricted marketing facilities as something frictional. As regards the fundamental problem, the Fowcus Committee, 1934 put in the words 'As against his (grower) lack of holding power and organization has to be set the remarkable holding power and reserve of strength which the ultimate buyers (balers, shippers and mills) in the country as well as abroad possess. Dr. Rakibuddin Ahmed in his thesis, 'The Progress of the Jute Industry and Trade', explained the fundamental problems as, "they arise out of the

existing structure of the jute market and hamper competitive bargaining between buyers and growers on equal footing. This is an inherent drawback, a legacy of the old system created by the Indian Jute Mills Association. This Association was formed in 1884, by the European manufactures with a view to converting the natural monopoly of Bengal into a buyer's monopoly and since then it has been controlling the price of raw jute to the great detriment of the growers. The same policy is now being followed by the traders of (erstwhile) Pakistan. The farmers are poor, scattered, and unorganized and handicapped by finance. They are unable to wait and circumstances compel them to dispose of their annual crop during the three busy months of August, September and October. They cannot be expected to bargain equally with the clever group of purchases, so powerful and well organized''. In fact, farmer are poor, scattered and unorganized. They are unable to wait and circumstances compel them to sell the bulk of their jute during the harvest time extending from July to October. Growers interviewed admitted that they had no alternative source of income during the jute season. Whatever, money they earn from sale of jute spent before December. They, therefore, lack competitive power. Moreover, majority of them told agriculture is the major source of income of which jute is their cash crop. Business & service are non-important source of income and contribute a little. The following table illustrates the source of family income in the three survey areas.

Table-5.13

Income of the growers in percentage from agriculture and other source.

Areas	Agriculture	Business	Service	Miner source	Total
Raipura	72.07	20.65	6.61	0.67	100.0
Bhanga	55.96	16.77	26.82	0.45	100.0
Mithapukur	81.76	8.82	6.05	3.37	100.0
Average	61.93	15.41	13.16	1.50	100.0

In Bhanga cultivation of HYV Paddy is relatively less. So income from agriculture is also relatively less compared to 80 p.c in the other two areas. To compensate low income from agriculture, they engage themselves in business as well as in service. If we compare the income of different groups of farmers then small and medium sized farmers depended more on business and service. But those who are big depended on income from agriculture. Details of income of different sizes of jute growers are stated in Table of Appendix.

In support of the weak bargaining power of the growers we may cite the case of early sale by small and medium sized farmers compared to big size farmers in each area. Within the harvest season of jute from July to October, small and medium sized farmers of Raipura disposed of 71.48 p.c and 81.01 p.c respectively as compared to 61.54 p.c by the big size farmers. In Mithapukur small and medium size farmers disposed of 90.78 p.c and 82.08 p.c respectively as compared to 62.49 p.c by the big size farmer. Since small and medium size farmers are the majority and in our sample they constitute 75 p.c it is a clear proof that the holding power of the majority of farmers particularly small and medium size farmers is less. In Bhanga harvest season extended till November and small farmer sold 87.87 p.c and medium size farmers sold 84.44 p.c. till that time as compared to 80 p.c by the big farmers.

Farmers cannot stay away from selling their jute since they receive no financial support from any quarter. In Rangpur, an NGO named SAGA is said to have advanced loan to the growers at the rate of 14 p.c interest against stock of their jute. However, this is a lone case. No other institutional support was found to have existed in that area. In the past, Marwari used to

lend loan to the farmers against buying of their jute during harvest season but they are totally absent in jute market now-a-days. Often news are found in newspaper that money lending class purchased growers jute in advance but we have not found them in our survey areas. Moreover, no intuitional loan is offered against loose jute and thus farmers are to sell early in order to finance cultivation of transplanted Aman paddy coinciding with harvesting of jute. As against the weak holding power of all categories of growers, big dealers in the primary market who had shops also were seen to have stored loose jute for later sale. In the secondary market Aratdars, Kutcha and Pucca balers keep jute stored either in loose form or in baled form. It may be mentioned it is convenient to keep stock of jute in baled form than in loose form and banks offer loan against hypothecation of baled jute. Aratdars, Kutcha balers and Pucca balers through their agents (big merchants) also enforce price and quality control of loose jute to be purchased in the primary market. It is a general rule that 1-1.5 mds are to be deducted for every 100 mds of loose jute to be purchased from the primary market. In the secondary market there is no want of storage facilities and stock of jute also can be insured. Thus it appears although the individual growers are small, unorganized and have no financial backing, big traders have their own associations, sufficient storage facilities and financial backing. They have more bargaining power compared to the individual growers. The Fowcus Committee put this fundamental defects of the growers in the primary market in words, 'As against his (grower) lack of holding power and organization has to be set the remarkable holding power and reserve of strength which the ultimate buyers (balers, shippers, and jute mills) in the country and abroad possess'

It may be mentioned here jute is not like other consumable commodities to the growers. They grow jute only to overcome their cash needs during three to four months preceding the harvesting of Aman Paddy from October-November. It has now become the established behavior of the growers throughout the country to have 12-15 lac acres of land to put under cultivation to grow 40-50 lac bales of jute annually in order to meet their cash needs for the cultivation of T. Aman and family expenditure. They cannot expect to hold jute beyond the harvest period (July to October). Whatever small quantity of jute a family holds after the harvest time was for family consumption and in exceptional cases rich farmers store jute since they have other source of income but in no case for profit motive. If in a particular year output is either high or low and for that matter price is either high or low, farmers demonstrate the same behavior of disposing of their jute within the harvest time. This reduces the bargaining power of the individual growers.

Dealers of jute avail this opportunity in the primary market of jute and bargain price of loose jute in their favor. There is also wide fluctuation of price of jute since growers cannot keep stock of jute during the harvest time. Growers weakness as sellers is an opportunity for the dealers as buyers. This trend in the primary market will continue and unless reversed by removing the restricted marketing facilities grower will continue to be exploited by the powerful buyers. In the following section we will discuss about the measures to be taken to turn the tide in favors of growers in the primary market. These will also change the weak bargaining character of the growers and will bring them on equal footing with the buyers in the primary market. It may be pointed out different jute commissions in the past suggested to implement these measures but no concrete steps are taken till now. But it is also true

although late, if the measures are taken now the fate of the growers may turn to the better.

5.6. Some functional problems of marketing: The restricted nature of facilities available in the primary market include those arising out of imperfect knowledge of market condition on the part of the growers, irregular allowances & deduction in case of loose jute, absence of standardization & grading, inadequate storage and finance, absence of standards weights and measures and difficulties of transport. Transportation, standardization of weights and measures are mitigated to a great extent but others such as irregular allowances and deductions, standardization & grading, storage and finance, imperfect knowledge of market conditions remained what they were in the past. Rural transportation like semi-pucca roads and availability of light vehicles has almost replaced age old system of transporting jute by country boats and cart driven by pack animals. Growers themselves are selling their jute in the village market and need not stay at home for the peripatetic dealers. At hats and bazaars standard weights and measures are also used but in the past farias and baparies used different types of weights and measures according to prevailing local conditions. Now 80 tolas in a seer and 40 seers in a md. is being used everywhere. Growers also admitted there is no extra allowance except for handling shortage when they sell to beparies. But in hats 37.324 kg. in a maund is used. Growers are also conscious of the prevailing weights and measures and thus dealers do not ask for any dhalak as in the past.

1. Storage and financing of loose jute:

When interviewed farmers were unanimous that they do not contemplate storage of their jute unless there is alternative source of finance against

storage of their jute. Their prime need is cash money during the harvest time of jute and thus they dispose of their jute quickly. They do not feel the need of storing jute for higher price even. Storage of jute would need the creation of separate storage facilities and growers dwelling houses are insufficient to store for any longer time. This was long felt by the Jute Enquiry Committees set up during British India as well as by the Govt. of Pakistan. But the fact is no such separate storage facilities were created so far either on private initiative or on Govt. initiative in the rural areas. So growers of jute had no experience of storing their jute as an alternative method. The suggestion of the jute Enquiry Commission of Pakistan, 1960 was that for improved marketing warehousing facilities is a must. According to its report, "For growers and also for Farias and Beaparies regulated markets with warehousing facilities may be established at selected baling centers. Such markets may also be established in some primary markets from where jute can be transported to Narayanganj, Daulatpur and Chalna throughout the season. Warehouse may also be set up and operated by Co-operative Societies which may be established with govt. encouragement and initiatives. Through the warehouse the balers would be able to purchase jute directly. The storage charge may also be standardized". Jute Committees set up by British government recommended in a similar line. The Bengal Jute Enquiry Committee led by M.R. Fowcus, 1938-39 recommended the setting up of approved warehouse at various centers so that cultivators could store their jute and obtain financial accommodation against their stock". Similarly the Indian Central Jute Committee 1941-42 passed the opinion 'many of the evils of marketing could be removed by the establishment of regulated markets.' The Committee also recommended setting up of

warehouse at important baling centers and the establishment of co-operative jute sales societies by the growers. Co-operative societies were created for the marketing of jute in the past but they did not exist longer. In order to increase the bargaining power of the growers the East Pakistan Provincial Co-operative Marketing Society Ltd. was formed as early as 1952-53 and registered under Bengal Co-operative Societies Act, 1940. It was entrusted with the work of buying jute from the growers through the Union Multipurpose Co-operative Societies whose members were growers. The Central Societies should have their warehousing, grading parties, baling press and if possible own transport. It should also work as a clearinghouse of information on all matters of jute and agricultural marketing. There was provision to get sufficient financial accommodation not only from the National Bank of Pakistan (then created to finance jute trade) but also from the State Bank of Pakistan through the Provincial Co-operative Bank. Initially the response it received from the growers was very much encouraging but the management failed to run profitably and suffered a loss of Rs. 2 crores in its transaction in the season 1953-54 just after the Korean boom. The loss suffered was equal to the sum granted as loan by government in that year. Later on government decided to create Provincial Jute Marketing Corporation, named as East Pakistan Jute Marketing Corporation under an act in 1957 with the following objectives which also include setting up of licensed warehousing for the growers of jute. The important objectives of the Jute Marketing Corporation were:

- (i) To carry on jute trade with a view to stabilizing prices of raw jute for ensuring a fair price to the growers.

- (ii) To assist in the growth and development of co-operative societies among the jute growers throughout the province by financial help.
- (iii) To establish regulated markets with the aid of the provincial government, wherever possible. One of the aims of regulated market was to create storage facilities in the rural areas.
- (iv) To purchase jute grown in border belt areas when directed by provincial government.
- (v) To establish standard grades by setting up model standards of its own.

This Corporation along with other corporations created after liberation of Bangladesh existed till 1992-93. Initially the Jute Marketing Corporation was given the monopoly of purchase in the border belt areas. Later on it extended its activities to offer price support to the growers of juts. During the height of its success there were 84 co-operative societies operating under its control in 119 centers out of which 42 were located in border belt areas. In 1958-59 the maximum quantity of jute purchased through the corporation was 2.10 lakh bales. Besides the corporation, the jute mills created in the country since 1960 was supposed to offer price support to the growers and lift jute from growers. The success of these organization was, however, in question since jute prices were not stabilized at the growers level and growers price during the harvest time did not improve much. The problems of marketing of growers' jute ensuring a good price remained where they were.

Financing of loose jute in the primary market is really a problem. At present there is no govt. policy to offer bank loan against loose jute traded either in the primary market or in the secondary market. Licensed ware housing and financing of loose jute through ware house receipt had

never existed before in jute trade although some common ware house for agricultural commodities were started and existed till 80's. Instead of directly financing of jute and storing during harvest time, the Jute Enquiry Commission suggested the creation of Jute Marketing Corporation and jute Mills to lift jute directly from the growers during the harvest period. Price support policy pursued was a part of that policy. Ultimately, the price support policy was abandoned from the season 1981-82. The benefit of SMP (under price support scheme) to growers is doubtful since growers interviewed told that they have not sold to jute purchase centers opened by mills and corporation. Growers also received no loan from any institutional sources for storing jute. They received loans from money lenders for cultivation and not for marketing of jute. They paid money lenders' loans with funds received from early sale of jute.

In the primary market even no dealer received any bank loan exclusively for marketing of jute. Out of 100 dealers 8 received loans from friends and relatives, 2 from business partners, 4 from Aratdars , 3 from Krishi Bank and 4 from Commercial Banks. Commercial Banks offered loans to big beparis against mortgage of their properties. These loans have no relation with jute business and not even hypothecation of jute was asked for loans. Again, amount of loan received depended on the solvency of the individual traders. One trader received Tk. 4000, another Tk. 5000, two Tk. 10,000 each. The annual volume of these traders were between 500-2000 mds. One big trader received Tk 20,000, two received Tk 50,000 each and their volume of jute trade was between 5000 mds and 16000 mds. Yet another received Tk 1 lac, another Tk 5 lac, and another

Tk. 20 lac, all from Schedule Bank and their yearly sale was between 12,000 mds – 23,000 mds. Summing up we may say that availability of finance for loose jute trade and for that matter for storing of jute is absent. Growers as well as trades have no access to institutional loan for loose jute business. Co-operative purchase and sales societies made up of growers ceased to exist. Price support through Statutory Minimum Price (SMP) also no longer exists.

In contrast to loose jute trade, there is availability of institutional loan to the balers in the secondary market. Among the 20 Kucha balers and 5 Pucca balers whom we took interview received bank loans against hypothecation of baled Jute. Govt. provides Cash Credit (c.c) to balers and shippers and Bangladesh jute Mills Corporation (BJMC). There is provision of cash credit in the National Budget passed in June each year. But there is complaint that National Budget is passed in June and loan sanctioned is in October. There is also complaint that small balers and shippers are discriminated against sanctioning loans. It is to be mentioned here number of small balers and shippers are decreasing gradually and jute trade concentrates in the hands of a bigger few. Sonali Bank (successor of Nation Bank of Pakistan) is also not playing its fundamental role as financier and promoter of foreign trade of jute. However, loose jute trade is completely excluded from receiving any government loan and early step is needed in this regard.

2. Irregular allowances, deductions, weights and measures prevalent in loose jute marketing:

Irregular allowance and deductions were prevalent in loose jute marketing in the primary market as well as in the secondary market. The Fowcus Committee also pointed out manipulations in weighing, grading, fraudulent

deduction, watering as the most prevalent ills of marketing in the past. In the secondary market, particularly at Narayanganj the present rates of deductions though high are standardized. For example, 3 seers for 8 mds. as Dhalak (shortage in weighing), 20 seers for 100 mds. as kabari (loss in transportation), 1 md. and maximum 1.5 mds. for each 100 mds for quality differences, 5 seers for 100 mds. for charitable purpose are fixed. Besides these real charges there is aratdari (commission for aratdars) at the rate of Tk 8/- per maund, jachandri on the sale of loose jute in the secondary market is Tk 1/- per maund, Tk 1/- per maund for kayali, Tk 1.5/- per maund for Mapani (helping in taking weight), IWTA Khajna @ Tk 30/- for each 20 mds. These rates are fixed for loose jute sale in the secondary market. Beparis who pay these charges naturally fixed price of loose jute in the primary market to cover these allowances and deduction in addition to the transport cost. In the primary market, there is Kayali, Dhalak, Khajna (market toll) although not at uniform rates in all the markets. In Raipura bazar none among growers and dealers interviewed told to have paid khajna but they used to pay kayali at the rate of Tk. 0.5- Tk. 1/- par md. In Bhanga growers paid khajna at the rate varying from Tk. 0.5-Tk. 2/- per md. In Mithapukur khajna is invariably paid and the rate is Tk. 1- . 2/ per mds.

In the past, there were other allowances and deductions for loose jute in the secondary market but these are abolished now. For example in the recent past Jubo-Complex fee was Tk. 0.25/- per md. but now abolished. There were Zamindari toll, deduction for dryage, pasga, bachat, tips, charges for rope making, mark fixation etc. but those are absent now. Dealers in the primary market told to have taken a profit of Tk. 3-5/- per md.

Regarding weight and measures 80 tolas in a seer and 40 seer in a maund was reported to have prevailed in all the areas. In some areas of Narsingdi. 30 seer in the md. is used by beparis but this is called kacchi maund. It was also reported in some areas like Trisal in Mymensingh District 84 tolas in a seer was in practice At present the standard weights in a maund is 37.324 kg at hat and bazaars. There are instances of taking weight several times, which enhances monetary costs as well as real costs in terms of dhalak.

Watering of jute was not reported by the Inspector of Jute (who are officially in charge of a jute area) although there are many illegal traders (without license) in the primary market. Fowcus Committee pointed out adulteration through watering in the past. License fee of a dealer is Tk. 175/- yearly but more money is paid by the dealers to the Inspector of jute in order to get delivery of licenses at hand as well as timely. Illegal dealers are penalized by the Inspector of jute and occasionally the dealers succeed in bribing the Inspectors.

3. Market Knowledge of the growers:

Generally, individual growers are in darkness about the price of their variety of jute in the primary market as well as in the secondary market. They have incomplete knowledge of the prices of loose jute in their villages and whatever they gather only through occational personal visits and from other farmers of the same village. Price ruling in the distant secondary markets is out of their reach. It is to be mentioned price of loose jute varies widely even in the primary market. This is since there is no defined quality of loose jute except branding all as lower bottom quality. It was seen price differs from one hat to another in the same village and one secondary market and to

another secondary market. This not only due to quality difference but also due to locational advantages. Price of tossa jute in Faridpur was Tk. 100-200 more per maund than almost for the same jute in Rangpur. This is since Faridpur is near to Daulatpur of Khulna and Narayanganj of Dahka. There is no similarity between the price of loose jute quoted by the Bangaldesh Jute Association and average price of white and tossa jute recorded by the Directorate of Jute. Bangaldesh Jute Association quoted average price of loose jute in the secondary market but according to our calculation price of loose jute in the primary market is lower than the price of loose jute in the secondary market by about Tk. 40 per md. So there is no genuine published data of prices of loose jute in different areas of primary market. Buyers in the primary market avail this ignorance to manipulate price of jute as well. Jute is not a homogenous commodity. Traders at the top can easily influence price at the primary market through the big dealers. Their bargaining power is stronger than the individual grower. Besides, the grower had no holding power and within the harvest time they are compelled to dispose of their jute to meet the need for cash money.

To fill the vacuum of market knowledge, the Fowcus Committee and the Jute Enquiry Commission both suggested formation of regulated market at the bottom of jute marketing. The function of regulated market will be to maintain order in the market, arrange for arbitration, post price list and frame rules for the control of traders. In a free market, imposition of all rules of regulated market is also doubtful. In absence of storage facilities, finance, grading and market information, the effectiveness of regulated market will be limited. The Statutory Minimum Price (SMP) failed partly due to that reason. Growers did not receive SMP since mills and corporations did not purchase from the growers at SMP. Growers received, on the other hand,

market price. Thus SMP was finally abandoned in 1981-82 after a protracted experiment. What is needed there should be equal facilities of marketing in the primary market as well as in the secondary market and no gap of information of price of jute in between primary market and secondary market. Only Govt. initiative to create additional marketing facilities in the primary market and supervised by growers co-operative may alleviate the ills of market information. In absence of full market information price of jute at growers level will remain arbitrary.

4. Regarding grading of jute:

Without grading of loose jute price of different qualities of jute will remain uncertain. Jute is not a homogeneous commodity and qualities varies from area to area. Several districts of Bangladesh where jute is grown differ in respect of soil, rainfall, availability of retting water. Thus quality of jute varies from area to area. Quality jute is grown in Dhaka, Mymensingh and Comilla. Both white and tossa jute are grown in the Jat Area. On the other hand, only good quality tossa jute is available in the District Area comprising Faridpur, Pabna, Khulna, Jessor, Kushtia, Sylhet etc. White and tossa jute are also grown in the Northern Area comprising Rajshahi, Bogra, Rangpur and Dinajpur. Due to want of retting water, quality of jute is inferior in the Northern Area. Although quality differs form area to area, no scientific standard is being followed for the quality determination of loose jute and at present there is eye estimation of quality of jute. The important thing in the grading of jute is the fiber quality such as cleanliness, softness, length and luster and not always the area of production. Thus, white jute may be of Jat quality, District quality as well as Northern quality. White jute of Jat quality is the best. Tossa jute is frequently finer, softer, stronger and more lustrous than that of white jute. Tossa jute of Jat quality is clear,

straight, fine, golden brown to slate brown in color, Tossa northern is red in color and soft fiber is produced in Rajshashi, Borga and Pabna. Tossa jute of golden color as well as fine quality is abundantly grown in Faidpur, a Hard District Area.

General opinion is that graded sale of jute should be universal. It should prevail in primary market as well as in the secondary market. If necessary the present system of grading practiced in the secondary market should be simplified as well as cut to a few so that growers, dealers, top level traders can easily recognize. The report of the Marketing of Jute in East Pakistan may be quoted here, 'Although there is difficulty there is no doubt the present practice of buying and selling of jute in unassorted condition on lot grading or visual estimation of quality introduces a considerable indeterminacy in the prices paid, increases the risk of buying and selling and quite possibly contributes to a reduction of the margin received by growers. This possibility is enhanced by the fact that the lower level intermediaries viz., Farias, Beparies possess a very inadequate knowledge of grade specification.' The report also suggested the establishment of a regulated market for jute, simple form of grading of loose jute as a remedial measure for undergrading of jute. Similar suggestion was voiced by the Fowcus Committee in 1939. It recommended some form of grading of jute at growers level and early constitution of Grading Board.

Opinion of the growers as well as dealers were sought on the problem of grading of jute in the primary market. Their reply was that since there is no practice of graded sale of jute at present, they depend on eye estimation of quality of jute. If there were the system of graded sale of jute which would fetch them a good return then they would have no objection to the graded sale of jute. Lower level intermediaries had not yet acquired the knowledge

of defining the spinning quality of jute. For example, they differed on the question of percentage of cuttings in loose jute. Whether percentage of cutting depended on the length of jute or on the weight of jute they differed in their opinions. However, cutting percentage of loose jute depends on weight of different kinds of jute. Cutting percentage of top white jute is 15 p.c of weight, of top tossa jute is 10 p.c of weight. The percentage of middle white and tossa is 25 p.c and 15 p.c. respectively. For Bottom white the percentage is 30 p.c and Bottom tossa 20 p.c. For X-Bottom white cutting is 40 p.c and X-Bottom tossa 25 p.c. The consequence of insufficient knowledge of the dealers in the primary market is that their quality estimation is not accepted in the secondary market and in case of difference beparis are to pay compensation in terms of extra jute in the secondary market. At present the rate of compensation for quality difference at N.Ganj. is 1 to 1.5 mds for every 100 mds of loose jute sold. In the past, the rate of deduction for quality differences was much less 20 seers for each 100 mds. That means the gap of quality estimation by traders in the primary market and secondary market is gradually widening.

Knowledge about the determination of spinning quality of jute is a technical matter. Only persons associated with jute trade for a long time can at best guess the quality differences of different grades of jute. Since most of the dealers in the primary market are seasonal and had no long experience in jute trade (cited in section 5.3), Fawcus Committee recommended for the setting up of a Grading Board for the primary market.

At present there are as many as seven grades of Kutcha jute which are also difficult to identity. They are Top grade, Middle grade, Bottom grade and Bottom grade divided into B-Bottom, C-Bottom X-Bottom and the rest is SMR. The condition of Top grade jute is very strong fiber of excellent color

and luster, good length, free from all blemish. Cutting percentage of white is 15 p.c. and Tossa 10 p.c.

The condition of Middle grade is strong fiber, fair length, average color of the district, free from samla, good luster, free from speck, runners and harsh crop end. Cutting percentage of white is 25 p.c. and Tossa 15 p.c.

The condition of Bottom grade is sound fiber of medium strength of any color not suitable for inclusion in the higher marks, average color of the district, free from hard centered jute. Cutting percentage of white is 30 p.c and tossa 20 p.c based on respective weight.

The condition of B-Bottom is the same as that of Bottom grade. Sound fiber of medium strength of any color not suitable for inclusion in the higher mark and free from hard centered jute. The percentage of cutting of white is 30 p.c and tossa 20 p.c.

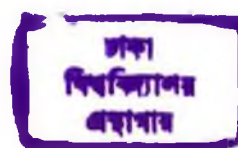
The condition of C-Bottom grade is fiber of medium strength and color, free from runner and heavy crop ends. Cutting percentage of white is 30 p.c and tossa 25 p.c.

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The condition of X-Bottom is all weak, hard centered jute of any length free from tangled and ravelled jute or stick or hunka.

Habizabi includes all tangled and ravelled jute of any description free from dust.

It is to be pointed out generally dealers in the primary market take all jute as X-Bottom i.e. very weak jute, short and with other defects although higher grades are found after assortment. Such undergrading of loose jute is the rule in the primary market. Moreover, compensation is to be paid for inferior quality jute if it does not match with estimation of purchasers. This is a serious bottleneck of the present marketing system where eye estimation of quality is the rule.



In order to reduce the number of present lopsided grading system and make improvement on retting and extraction of jute and kenaf a workshop was held in Malang, Indonesia in 1995 under the sponsorship of FAO-IJO. The participants were Bangladesh, China, India, Nepal and Thailand. Participants agreed that the present grading system can be simplified if two simple grading systems- one for domestic purpose and another for export purpose are introduced. According to domestic grading system, the fibers were classified into four instead of seven grades at present. The suggested grades names are as follows:

Grade I : Strong fiber, characteristic color, fine and well separated, defect free, cutting less than 5 p.c of weight and well dried. Impurity 1.5 pc. (to be detected by machine).

Grade II. Strong fiber, near characteristic color, fine and well separated, occasional defects, cutting less than 5 p.c and well dried. Impurity 1.5 p.c.

Grade III. Fair length, noticeable deviation from characteristic color, mixed texture, specky, few tangled shieves, cutting up to 15 p.c, well dried, impurity 2 p.c.

Grade IV. Low strength but acceptable dark colors, coarse but acceptable, specky, gummy, entangled shieves, cutting up to 30 p.c and impurity 2.5 p.c.

A price differential between the grades were also prescribed so that the difference between the grades should be significant as well as attractive. A base price should be decided for grade II, high differential 10 p.c for grade I and low differential 6 p.c for lower grades.

The opinion of the members was that to identify the quality of jute even in loose form will not be difficult once these grading system is introduced and transaction is done on the basis of samples displayed in every market place by the marketing committee comprising growers co-operatives. Grading of

jute is very much essential to determine the price of loose jute and encourage production of quality jute on the part of the growers.

5. Transportation system in the primary market:

We have seen water transport has been largely replaced by road transport in all the areas. Growers availed this new mode of transport themselves for taking jute to the nearest village market. But for that matter they do not go to the secondary market since the method of payment and transaction is different there. In the secondary market there is transaction through partial grading as well as payment in credit with which growers are not habituated. Moreover, cost of transportation from primary market to secondary market and other charges are not less than Tk. 30 to Tk 40/- per maund which the growers are not supposed to bear before sale, Thus the development of road transport in rural areas and construction of inter district highways could not change the mobility of loose jute from primary market to secondary market. Growers could not take the advantage of well developed secondary market where there is presence of buyers like balers, mills, shippers etc. Instead they are depended on beparies and inadequate physical facilities of the primary market. Unless equal facilities in all others like storage, finance, grading, dissemination of information are created in the primary market along with transport, buyers at the top will not come down to purchase jute from the growers in the primary market and on similar ground growers will not go to the secondary market to avail marketing opportunities there.

Moreover, the rates of rural transport is also high now-a-days. Cost of transporting one maund of jute beyond 5 k.m is about Tk. 10/- by road. Where there is water transportation, the rate is almost the same. For that reason, growers prefer to sell within 2-3 k.m distance from home so that

transportation cost can be minimum. Transportation cost from primary market to secondary market is also high which we calculated at Tk. 20/- per maund on an average. Transport cost is increasing disproportionately which deserves control and regulation. Although gradually road transportation is replacing water transportation, road transportation is long and water transportation is short. During the rainy season traders still prefer water ways due to shorter distance. But as soon as rainy season passes out, they are to carry jute in lorries which raise distance as well as costs. Again for transportation of loose jute the use of Railway bogies are hardly used by any of the traders interviewed. Railways and IWTA vessels are generally used for transporting baled jute. There should be alternative arrangement for carrying loose jute besides lorries and boats otherwise rates charged by these two types of transport could not be reduced. What is important primary market and secondary market both are to be well connected by road, water, Rail and IWTA vessels and cost of transportation should not be allowed to rise disproportionately. Growers are given a price after deducting all types of costs of marketing by traders of which transport cost is an important component.

5.7 Price of jute as received by growers :

Growers receive the price of loose jute that rules in the primary market. However, price of jute in the primary market demonstrates diverse characters. Firstly, there is a difference between harvest time price and the price ruling after; secondly, there is a wide fluctuation from season to season; thirdly, there is a wide range of price difference between different areas; fourthly growers are receiving a decreasing share of export price. Moreover, price in the primary market is determined under imperfect

conditions since jute is not a homogeneous commodity. Eye estimation of its quality is the rule. Primary dealers are at the bottom of the chain of middleman traders who lift jute on the order placed and price offered by the Aratdars, Balers, Shippers and mills in the secondary market. Further, growers had no knowledge of the price of loose jute ruling in different hats in the primary market and also in the secondary market. Under these circumstances, price of loose jute received by growers is not at all competitive but manipulated by the class of middleman traders. The following table offers the level of price during harvest time and after in the season 1994-95.

Table- 5.14

The level of price of loose jute in the primary market during the harvest time and after in the season (1994-95) is given in the following table.

		Within Harvest time price (Tk.)	After harvesttime price (Tk.)
Raipura	White	211.67	270.0
	Tossa	288.10	313.27
Bhanga	White	—	—
	Tossa	344.97	375.22
Mithapukur	White	215.52	—
	Tossa	226.50	293.25

Details in appendix of tables.

Harvest time extends till October in Raipura and Mithapukur and further extends till November in Bhanga. Lower price during harvest time is due to excessive arrival of jute in the primary market during the harvest time and less purchase by mills. Foreign sale of jute begins after October. We have seen growers had less retention power and 70 p.c of their stock of jute they

dispose of during the harvest time. Further price of jute is not uniform in different places. There is a wide range of price of same quality of jute in an area also. The following table illustrates the range of price of loose jute in an area as well as in between a few areas in the 3rd week of September 1992.

Table - 5.15

Range of price of jute in between jute growing areas.

(Tk. per maund)

Within the Jat Area	Range of price of white jute	Mean price	Range of price of Tossa jute	Mean Price
1. N. Ganj (North)	180-220	200	—	—
2. N. Ganj(South)	191-232	211.5	252-302	277
3. Narsingdi	174-252	213.0	172-243	207.5
4. Jamalpur	140-202	171.0	156-225	190.5
Average		198.87		225.0
Within the District Area				
1. Faridpur	194-260	227.0	230-320	275.0
2. Daulatpur	—	—	230-245	237.5
3. Sirajganj	150-200	175	190-230	210.0
Average		201.0		240.83
Within the Northern Area				
1. Nilphamari	170-190	180.0	190-240	215.0
2. Gaibandha	160-189	174.5	200-240	220.0
3. Kurigram	140-215	177.5	—	—
Average		177.33		217.50

Source: The Directorate of Jute, Govt. of Bangladesh.

It is seen that tossa jute commands a higher price in the district area compared to price received by growers in the Jat Area and in the Northern

Area. White jute is mainly cultivated in the Jat Area and quality white jute is available in this area and price is also high. Sometimes, the price difference between two areas is as high as Tk 100/- per md. The same is the case within an area also. For the wide dispersion of price quality difference of jute is cited as the important reason. Growers inability to take jute beyond his nearest primary market is also no less responsible. Presently marketing could not give a solution to this fundamental problem.

Growers also suffer much from instability of prices from one season to another. Different price expectation model found the source of this fluctuation in acreage due to change in relative price of jute and paddy. Growers generally respond to change in jute/paddy price ratio in the current year through revising jute paddy acreage in the following year. R.M Stern calculated the simple correlation coefficient between relative price and acreage under jute varying from 0.51 to 0.56 and elasticities varying between 0.57 and 0.76. Dr. Gulam Rabbni also calculated farmer's response to jute/rice price ratio, using Narlov Price Expectation Model. Price elasticities of acreage ranged from 0.39 to 0.41 in the short run and 0.65 and 0.66 in the long run according to him.

Growers suffering from fluctuation of price in the primary market from season to season is, however, great and no marketing mechanism could be evolved to moderate the seasonal price fluctuation like regional and harvest time price fluctuation. The actual situation can be guessed from the following data.

Table-5.16

Fluctuation of prices of loose jute and corresponding fluctuation in acreage from 1981-82 to 1991-92.

Seasons	Price of jute in the previous season (Price Tk. per md.)	Positive/ Negative change from the previous season (Tk. per md.)	Acreage under jute in the current season (lakh acres)
1981-82	136.71	----	14.25
1982-83	154.08	17.37	14.35
1983-84	250.61	96.53	16.71
1984-85	530.42	279.81	26.14
1985-86	196.38	-334.04	19.08
1986-87	153.37	-43.01	12.66
1987-88	299.0	145.63	13.43
1988-89	251.0	-48.0	13.39
1989-90	304.26	53.26	14.42
1990-91	336.61	32.35	14.53
1991-92	256.16	-80.45	11.39

Source: The Ministry of Agriculture.

From the above table it is seen that there is a positive correlation between price and acreage change. The price as shown in the table is of loose jute but not necessarily collected from the primary market. Price in the primary market fluctuates much more. As a result, growers suffer more from instability of income from jute. This is unlike other commodities,

particularly paddy. Paddy is generally consumed by farmers and acreage fluctuation is less wide. But jute is a cash crop and any change in price affects growers expectation of future income from the crop and thus they respond very quickly. The following table offers the range of fluctuation of loose jute price in the primary market as well as in the secondary market.

Table - 5.17

Fluctuation of price of loose jute in the primary market and in the secondary market in the 3rd week of September, 1992. Price Tk. per md.

Jat Area	White jute		Tossa Jute	
	Range of price in the primary market	Range of price in the secondary market.	Range of price in the primary market	Range of price in the secondary market.
1. N.Ganj (N)	180-220	210-305	—	247-370
2. N.Ganj (S)	191-232	222-282	252-302	292-353
3. Narsingdi	174-252	187-287	172-243	228-257
4. Jamalpur	140-202	162-227	156-225	191-259
District Area.				
1. Faridpur	194-260	210-280	230-320	268-330
2. Daulotpur	—	215-300	230-245	235-400
3. Sirajgong	150-200	156-225	190-230	196-240
Northern Area				
1. Nilphamari	170-190	190-220	190-240	220-250
2. Gaibandha	160-189	180-220	200-240	220-260
3. Kurigram	140-215	168-221	187-261	220-280

Source : The Directorate of Jute, Govt. of Bangladesh

The difference between the lower limit of the range of price of loose jute in both primary market and secondary market in a particular jute area is less although the upper limit of the range of price varies more. This is due to the maximum quantity of bottom grade jute transacted in both primary market and secondary market. Traders told they are ready to offer a high price for

good quality jute but very few good quality jute is available in the market. It is also seen price varies greatly from one jute area to another jute area in both primary market and secondary market. This is primarily due to the locational advantage of market place, lack of mobility of jute from one area to another area, distance from terminal markets viz , N. Ganj nad Daulatpur, cost of transportation etc. Dealers usually take advantage of the market situation to control market price in their favor. In the figure, it is also seen price of loose jute is more sticky in the primary market. This is due to more control over price and only bottom grade jute is transacted there. But in the secondary market, the range in wide due to assortment and grading of jute.

Unlike the difference of price of loose jute in the primary and secondary markets, price of baled jute differs very greatly from loose jute in the secondary market. The prime reason is baling cost (detail break-down of baling cost is given in chapter VI). The second reason is maximum quantity of baled jute is held in storage in the secondary market and sold when prices go up. While the maximum difference of the price of loose jute in between primary market and secondary market per md. is Tk. 40/-, the difference between the price of loose jute in the primary market and price of kutchu bale jute per md. in the secondary market is Tk. 100/- or more. This illustrates the holding power of the balers which Fowcus committee identified as the monopoly power of the traders. In the following is given the difference of price of loose and kutchu baled jute in the 3rd week of September, 1992.

Table - 5.18

Tk. per md.

1. Loose jute (white) price in the P.M	Tk. 211.0
2. Loose jute (white) price in the S.M	Tk. 252.0
3. Loose jute (tossa) price in the P.M	Tk. 277.0
4. Loose jute (tossa) price in S.M	Tk. 322.5
5. C-Bottom Kutcha (white) at N.Ganj/Doulatpur	Tk. 325.0
6. C-Bottom Kutcha (tossa) at N.Ganj/Doulatpur	Tk. 347.0

Source: Bangladesh Jute Association and the Directorate of Jute, GOB.

From the above figures, we may draw the conclusion that price of loose jute at the growers level is relatively lower, instable and the range between loose jute and baled jute is also wide.

Chapter VI :

Marketing Cost and Grower's Share in export price and growers price fair or unfair.

We have seen in the previous chapter that growers actually receive a price lower during the harvest time when they also dispose of maximum quantity of their jute. However, price of jute that the growers receive has been compared with terminal price (export price) of jute from time to time. The Socio Economic Research Board, Dhaka University in the year 1958 calculated growers' share in export price as 71.17 p.c. On the other, in the Report of the Jute Enquiry Commission such share was calculated at 69.64 p.c. in 1960. However, both the reports took the loose jute price published by the Directorate of jute and compared with terminal price. The Socio Economic Research Board admitted that it could not interview the growers while the Jute Enquiry Commission took the weighted average price of white and tossa jute published by the Directorate of Jute. There is a big difference between the price of jute growers receive in the primary market and the weighted average price of loose jute in the secondary market published by the Directorate of Jute. Transport cost is added with the price of loose jute of the secondary market. Growers actually receive the price of loose jute at the bottom before incurring any transport cost. In between growers price and export price there is transport cost, baling cost and traders commission etc. In the following will estimate marketing costs at successive stages and compare growers price with export price after deducting marketing cost from export price. What is of concern to the growers price they receive as share of export price had been decreasing.

6.1 Marketing cost of loose jute in the primary market.

In fact, loose jute in the primary market is transacted without any processing. There is only transportation cost from growers home to village hats or from one village hat to another village hat. When growers sell in the market they take to the nearest village hats to reduce transportation cost. But dealers may take jute to a far distant market for profit motive. In the primary market big assembling centers within our survey areas are Narayanpur of Raipura in Narsingdi, Pukhuria and Talma in Faridpur, Lalbag and Mahipur in Rangpur. The carrying cost of loose jute per maund upto 5 miles is generally Tk 5/- and above 5 miles it may go up to Tk.10/- However, there is no uniformity in the rates of transport cost in the survey areas. Growers as well as dealers use different types of rural transport like rickshaw, rickshaw van, small boats, head load as their means of transport. In Bhanga country boats of beparis are used since the area is connected by canals and rivers (Kumar) but in Rangpur and Mithapukur road transportation is dominant and both growers and beparis use road transport including lorries.

Besides transportat cost from growers home to village market and between village markets, there is market toll (Khajna), weighing (Koyali), labor (coolies) cost but again there is no uniformity in these rates at different places. In Raipura none among the growers and dealers interviewed told to have paid market toll but they incurred Koyali although the rate is not fixed. In Bhanga growers paid Khajna at the rate of Tk. 0.5-Tk.2/- per maund when sold in the market. They used to pay Koyali at the rate of Tk. 0.5-Tk.1/- per maund. In Mithapukur, Khajna was invariably paid and the rate is Tk. 1-Tk.2/- per maund and Kayali was Tk. 0.5-Tk.1/- per maund. When Beparis use coolies the rate was Tk.1/- per maund in addition. Only the big dealers use tin shed shop for purchase and storing of loose jute. The average rate of

aratdari is Tk. 2/- per maund if jute is sold through aratdar's shop within a month. Handling shortage (Dhalak) is charged in kind and sometimes it is 0.10 to 1 seer per maund. Again there is no fixed rate. Regarding weight and measures 40 seers in a maund is the standard weight and 80 tolas in a seer. But now -a -days, decimal weight (kilogram) is also being used and there is 37.324 kg in a maund. In some areas of Narsingdi, 30 seer in a maund is used and called Kacci maund. However, the standard maund is still 40 seers and one seer is equal to 80 tolas. Growers, however, admitted that they do not give extra jute above normal weight. Dealers pay Tk. 175/- for license fee and unrecorded tips to the Inspectors of Jute.

In the primary market cost of marketing of jute is not uniform. Dealers also earn commission which is also not fixed. It varies from Tk. 3 to Tk. 5 per maund. If transport cost, khajna, kayali, labor, dhalok and traders commission are taken into account altogether a total of Tk. 10.0 per maund is the normal cost of marketing of loose jute in the primary market. This does not include the registration fee of the traders.

6.2 Marketing Cost of Jute in the Secondary market:

Loose jute is assembled in the secondary market (where baling facilities are available) by Beparies (merchants) that involves transport costs and other charges such as loading and unloading, Jachandari (quality estimation), Koyali (weighing), Mapani (helping in weighing), Kabari (allowance for shortage), duction for quality difference and Aratdari (aratdar's commission). Beparies sell loose jute to kutchha balers, pucca balers & Jute mills through Aratdars and sometimes directly. There are also Dalals who are engaged by balers and mills to purchase loose jute. According to Jute Aratdars' Association of N.Ganj, 60-65 pc. of total loose jute in Bangladesh is sold

through them at N.Ganj, 15-20 p.c. at Daulatpur and 5-10 p.c at Sarisha Bari at Jamalpur. Sometimes balers and mills collect loose jute from primary markets through engaging beparis and for that they also pay commission. Processing of loose jute into kutchha bales and pucca bales are done by balers and involve kutchha baling cost and puacca baling cost separately. There is also storage and transport cost of kutchha and pucca bales. Processing, storage and transport cost are high in the secondary market so that they constitute about 90 p.c of total cost of marketing. There is overlapping of some functions during processing of kutchha and pucca bales. We will first calculate transport cost of loose jute in secondary market and thereafter kucca and pucca baling cost.

Cost of importing loose jute in the secondary market:

Means of transport used by Bepars is generally big country boats during the rainy season and lorries in the dry season, According to Pat Arotars' Association of N.Ganj river routes are shorter during the rainy season and . 60 p.c of loose jute is brought to the secondary markets by boats and 40 p.c by lorries. The rates offered by the two types of transport are given as follows.

Carrying cost up to 10 miles by boat	: Tk 6-7 per md.,	average Tk. 6.5/-
" " up to 20 miles by boat	: Tk 12-16 "	average Tk. 14/-
" " up to 50 miles by boat	: Tk 20-22 "	average Tk. 21/-
" " up to 100 miles by boat	: Tk 20-25 "	average Tk 22.5/-
" " up to 200 miles by boat:	Tk 25-30 "	average Tk. 27.5/-

Carrying cost up to 100 miles by lorries	Tk. 15-17 per md.,	average Tk. 16/-
" " up to 200 miles by lorries	: Tk 25-30 "	average Tk. 27.5/-

For estimating transport cost of loose jute per maund we have given weight to each type of transport by the percentage of its use, while the rates of a particular type of transport for different distances have been averaged to arrive at a uniform rate. Thus transportation cost by boat has been given 60 p. c. weight and transportation cost by lorries 40 p.c. weight. Average transport cost by boat comes to Tk. 18.30 per md. and by lorries Tk. 21.75 per md. Taking 60% from cost of transport by boat and 40% p.c from cost of transport by lorries, cost by boat comes to Tk. 10.98 and by lorries Tk. 8.7 per md. respectively. Summing up total cost of importing of loose jute from primary market to secondary market comes to Tk. 19.68 per md. Beparies no longer use cart driven by Buffaloes and instead use vans and lorries.

Individual Beparies told that carrying cost of 200 mds. of loose jute from Raipura to N.Ganj, a distance of 80 k.m. by lorries is Tk. 1400/- and by boat Tk 2000/-. Again, carrying cost of 200 mds. from Bhanga to Khulna, a distance of 200 k.m, by lorries is Tk. 2,150/- and to N.Ganj almost the same distance is Tk. 2,250/- but to Chittagang, a distance of 410 k.m from N.Ganj is Tk. 6000/-. If we take a mean distance of 100 miles and cost of carrying 200 mds by lorries or by boat about Tk 2000/-, then the transport cost of a maund of loose jute from primary market to secondary market becomes Tk.20/- per mds. If we compare the cost figure given by the Pat Aratdars Association which is Tk. 19.68 per md. with those given by the individual traders then cost statement given by the both become almost the same. We, therefore, come to the conclusion that the transport cost of a maund of loose jute from the primary market to the secondary market on an average is Tk. 20/- per md.

Besides transport cost, other charges for marketing of loose jute in the secondary market are for coolies, IWTA khajna, Jachandari, Koyali, Mapani, Kabari, deductions for any quality differences, aratdars' commission and donation for charitable purpose. When a boat reaches ghat, loose jute is unloaded by coolies and unloading charge is Tk. 2/- per md. In the past the unloading charge was Tk. 1/- per md. Loose jute is kept at companies (balers and aratders) godown for a few days. The service of Aratdars is important in arranging sale of jute through them. House broker of companies as well as agents of mills make contact with aratdars regarding quality of jute brought by individual Beparis. For services rendered by aratdars they charge a commission. At present, aratdar's commission is Tk. 8/- per md. but in 1994-95 the rate was Tk. 5/- per md. and only Tk. 2/- per md. in 1980. Aratdars sometimes offer loans to beparis against jute kept in their godown. Ghat Khajna of IWTA is Tk. 30/- per 200 mds or Tk. 0.15/- for a maund. Earlier Jubo Complex used to impose Tk. 0.25 per maund but now it is non existent. Jachandari fee (quality estimation) is Tk. 0.80 per maund. During sale of jute good quality jute is separated from inferior quality jute by jachandars. Koyali (weighing by scale) charge is Tk. 0.80 per md and Mapani (for helper in taking weight) another Tk. 0.40 per maund. Besides all these monetary charges, there are also charges in kind. For example, 3 seers for each 8 mds. as Dhalak (shortage), 20 seers for each 100 mds as Kabari (shortage in weighing), deduction 1-1.5 mds. for each 100 mds. if there is any inferior quality jute in the lot, 5 seers for 100 mds for charitable purpose. Summing up these charges along with importing cost of loose jute from primary market to secondary market total marketing cost per maund of loose jute becomes Tk. 30.31 per maund as follows.

Table 6.1

Transport and processing cost of loose jute in the secondary market.

1.	Importing Cost	Tk. 19.66 per md.
2.	Coolies	Tk. 2.00 "
3.	Aratdar's Commission	Tk. 5.00 "
4.	Ghat Khajna of IWTA	Tk. 0.15 "
5.	Jachandari	Tk. 0.80 "
6.	Kayali	Tk. 0.80 "
7.	Mapani	Tk. 0.40 "
8.	Money Value of Real cost	Tk. 1.50 "
	Total-	Tk. 30.31 "

Source: Pat Aratdars Association of N.Ganj

According to Pat Aradars Association marketing cost of loose jute is gradually increasing. Although it was around Tk. 30/- during 1994-95 it has reached at Tk. 40 per maund at present. Costs has increased on many counts. For example, aratdari which was Tk. 5/- per md. during 1994-95 increased to Tk. 8.0 per md. Coolee charge for unloding has increased to Tk. 3/- per md. from Tk. 2/- per md., Jachandari is now Tk. 1/- per md. although it was Tk.0.80 and Kayal is Tk. 1.0 per md. which was Tk. 0.80 per md. earlier. Mapani is now Tk. 1.50 per md. but earlier it was Tk. 0.40 per md. Deductions for quality differences have also increased. It is now 50 seers for 100 mds but earlier it was 40 seers for 100 mds. Thus in total marketing cost of one maund of loose jute which was around Tk. 30.0 during 1994-95 but now reached to Tk. 40/- per md. According to Pat Aratdar's Association marketing cost will further rise with the rise in the general price level and transport costs.

6.3 Baling Cost of Kutcha Bale:

Loose jute is pressed into kutcha bales in the secondary market for selling it to jute mills and Pucca Balers. Further, Kutcha baling is required for storing and getting bank loans. Bank loan is made available against hypothecation of kutcha bales. Sometimes, kutcha bale is brought from outstation purchase centers for easy transportation. Companies do not maintain outstation purchase centers at present. Before pressing into kutcha bales (uncut jute) loose jute is required to be assorted into standard kutcha grades. The grade names of kutcha bales are Top, Middle, Bottom, B-Bottom, C-Bottom, X-Bottom and the rest SMR. The standard weight of a kutcha bale is 150 kg. equivalent to 3.75 mds.

Bailing cost of kutcha bale is divided into two parts: Fixed costs and Processing cost. Fixed costs include godown rent, salary of staff, stationeries, post and telegraph fees, travelling expenses of staff, licence fees. Also added are cost for insurance for fire accident. Fixed costs of a kutcha bale is averaged over 5000 bales, the average quantity of bales a kutcha baler processes. Processing costs, on the other hand, are assortment cost, pressing costs, freight, insurance, bank interest, labor costs and handling shortages. In the following table is given fixed costs as well as processing cost based on information provided by the kutcha balers of N.Ganj, Daulatpur, Narsingdi and Mahiganj in Rangpur.

Table 6.2

Baling Cost of a Kutcha bale

A. Fixed Costs :	Cost per bale (Tk.)
Heads.	
1. Rent for godown (hired for six month)	Tk. 11.25
2. Staff Salary	Tk. 45.00
3. License fee	Tk. 1.25
4. Stationeries	TK. 0.25
5. Travelling expenses of staff	Tk. 0.25
Sub total :	Tk. 57.99
B. Processing Costs:	
1. Importing and weighing	Tk. 37.50
2. Assorting	Tk. 7.75
3. Kutcha pressing and Stacking	Tk. 2.25
4. Rope making	Tk. 1.00
5. Bale Ticket	Tk. 0.60
6. Exporting from Agency to godown	Tk. 15.00
7. Interest for a year	<u>Tk. 5.00</u>
Sub total :	Tk. 69.10
Total :	Tk. 127.09

If we divide the total figures by 3.75, fixed cost per maund becomes Tk.15.46 and processing cost Tk. 18.43 and total cost of kutcha bale per maund comes to Tk. 33.89.

It is to be noted present cost estimate pertains only to those centers we surveyed. Only common expenses are included. In the past Bangladesh Jute Association (BJA) included IWTA and marine insurance. We have not included these figures since Kutchha balers interviewed did not pay for these. Moreover, all kutchha balers do not incur cost which are similar in all respects.

6.4 Baling cost of Pucca bale:

After kutchha baling jute is further processed into pucca baling for export as well as for local mills consumption. Pucca baling is only with long jute (without cuttings). Cuttings is baled separately. Pucca grading and baling is according to international grade standard. For example, BWB of BJA is equivalent to Export Firsts of London Jute Association (LJA), BWC is equivalent to Export lightening of LJA, BWD is equivalent to Export Hearts. BTB of tossa variety is equivalent to DAT-5 of LJA, BTC equivalent to CD-2/3, BTD is equivalent to OT-2/3 etc. Similarly, cuttings is named as BWCA and its London equivalent is SN cuttings, BTCA as DTC cuttings of LJA.

Costs of a pucca bale is calculated first upto N.Ganj/ Daulatpur and then up to FOB Chalna/Chittagong for shipment. If freight, insurance and govt. duty is added with FOB value, then it is called c.i.f export value of pucca bale. We have first calculated cost of pucca bale up to FOB N.Ganj/Daulatpur and then up to FOB Chalna/Chittagong. Cost of a pucca bale is averaged over 1 lakh bales, the average number of bales a shipper exports during a year. A pucca bale is fixed cost as well as processing cost like kutchha bale.

Table 6.3

Baling Cost of Pucca bale.

Up to FOB N.Ganj/Daulatpur.

A. Fixed cost :

Heads.	Cost Tk. per bale.
1. Godown Rent	Tk. 14.57
2. Licence fees	Tk. 0.37
3. Salaries	Tk. 8.00
4. Telephone bill	TK. 0.26
5. Fire Insurance Premium	Tk. 6.80
6. Establishment cost	<u>Tk. 24.00</u>
	SubTotal : Tk. 54.00

B. Processing Cost:

1. Kutchha bale unloading	Tk. 3.75
2. Kutchha bale stocking	Tk. 3.37
3. Pucca assortment	Tk. 44.50
4. Baling and re-packing	Tk. 40.00
5. Pucca Rope Cost	Tk. 21.00
6. Bail ticket	Tk. 1.00
7. Pucca bale delivery cost	Tk. 3.65
8. Labour charge	Tk. 0.50
9. Bank Interest	Tk. 40.00
10. Insurance	<u>Tk. 5.00</u>
	Sub total : Tk . 162.77

Up to FOB Chalna/Chittangong

Shipment Cost :	Cost Tk. per bale
1. Inland freight to ports	Tk. 46.00
2. Marine Insurance	Tk. 8.00
3. L.M.D (Licensing & management Dept.)	Tk. 4.00
4. Commission of C.F (Clearing & Forwarding)	Tk. 10.00
5. Foreign Bank charge	Tk. 2.00
6. Foreign Bill & Inland Stamp	Tk. 10.00
7. Packing credit Interest	Tk.4.00
8. S.G.S. (Society general insurance)	Tk. 7.00
9. D.I.J.G Inspection	Tk. 4.00
10. Pest free certificate	Tk. 1.00
11. Miscellaneous	<u>Tk. 5.00</u>
SubTotal :	Tk. 101.00
Grand Total :	Tk. 317.77

Like kutchha balers, pucca balers also do not keep uniform cost statement of pucca bales. Individual estimation of costs of pucca bales differ from one another. We have studied ten such pucca balers at N.Ganj. & Daulatpur and prepared the above cost estimates. Processing cost of pucca bales is increasing like processing cost of kutchha bales. At present there is no export duty on raw jute. Port Cess and commission of Bangladesh Jute Export Corporation are also non-existent. Bangladesh Jute Association (BJA) has now stopped the task of calculating cost of pucca bales. There is duplication of some functions done by kutchha balers and pucca balers particularly assortment and grading. An individual shipper first purchase loose jute and

assort for kutchha baling and then again for pucca baling. The whole process involves repetition of labour and baling costs.

A Pucca bale is of 180 kg. or 4.82 mds. of long jute. In order to make a pucca bale there is need of 6 mds. of loose jute divided as 4.82 mds. of long jute and 1.20 mds. of cuttings. Thus dividing cost of long jute and cuttings by 6 we get marketing cost of one maund of pucca jute. Total cost of processing of a pucca bale is Tk. 317.77 as we have seen above. Including 25% cost for cutting total cost of pucca becomes Tk. 397.21. Next dividing by 6 we get the processing cost of a maund of pucca jute equal to Tk. 66.20.

Summing up, total cost of marketing of jute per mnd. from primary market to export point stands thus Tk. 10 (for loose jute in the primary market) + Tk.30.31 (loose jute in the secondary market) + Tk. 33.89 (for kutchha bale) + 66.20 (for pucca bale) = Tk. 140.42.

6.5. Calculation of grower's share in export price of jute:

So far we have calculated marketing costs of raw jute at different stages from primary market up to FOB Chalna/Chittagong, the export point of jute. Average export price of jute in the season 1994-95 was \$ 46.95 per bale and converted at @ \$1= Tk. 39.9576 it was Tk. 1876.0 per bale (According to BJA). This was the weighted average price of jute exported by Bangladesh during the season 1994-95. Since 180 kg. in a bale is equal to 4.82 mds (approx), export price per maund of pucca jute becomes Tk. 389.21. Price of jute growers received, on the other hand, was Tk. 250.65 per maund (an average price of white and tossa) in the season 1994-95. Growers share out of export price is thus $Tk.250.65/Tk.389.21=64.44$ p.c. The Jute Enquiry

Commission calculated growers share of export price as 69.64 p.c in 1960 and Socio Economic Research Board, Dhaka University as 72.17 p.c in 1958. We mentioned earlier that both of these took the price of loose jute published by the govt. prevailing in the secondary market. Had they collected price of loose jute in the primary market then growers share in export price would have been lower than their calculated share.

Let us see how the traders meet marketing costs of jute after paying growers price with the export price of jute. The difference between export price and growers price was (Tk. 389.21- Tk. 250.65) = Tk.138.56. According to our calculation marketing cost of jute at successive stages amounts to Tk. 140.40 per maund. We have also pointed out that there is duplication of transport cost of loose jute in between primary market and secondary market as well as duplication of assortment & baling cost of kutchha bale & pucca bale. Before estimating marketing costs, such duplication of transport cost and baling costs should be avoided as far as possible. Transportation cost of loose jute from primary market to secondary market is Tk. 19.60 per maund and including other expenses total marketing cost of loose jute in the secondary market is Tk. 30.31. Kutchha balers also included Tk. 37.50 per maund as importing and weighing cost of loose jute for kutchha baling. This should be excluded from our calculation of cost of loose jute. Similarly, in order to avoid double counting of baling costs we excluded cost of kutchha assortment since pucca assortment involves also kutchha assortment. We have also taken out establishment costs of pucca balers from fixed cost since establishment cost for kutchha baler and pucca baler are maintained together by the pucca baler. Thus, finally the marketing cost of loose jute per md. in the primary market is Tk. 10.00, in the secondary market Tk. 30.31 per md., kutchha baling cost is Tk. 81.84 per bale instead of Tk. 122.09 and pucca

baling cost is Tk. 293.77 per bale instead of Tk. 317.77. Divided by 3.75 cost of kutchha bale per maund becomes Tk. 21.82 and divided by 4.82 cost of pucca bale per mnd. becomes Tk. 60.95. In total marketing cost of raw jute per maund becomes Tk. 10.0+ Tk.30.31+ Tk. 21.82 +Tk. 60.95= Tk. 123.08 of which total marketing of loose jute is Tk. 40.31 and total marketing cost of baled jute is Tk. 82.77. Maximum amount of marketing cost is incurred in the secondary market although high marketing cost is an index of inefficient marketing. The amount left after paying growers price from export price is thus Tk. 138.56 and deducting total marketing cost Tk. 123.08, the net residue left is Tk. 15.58 per maund. This is traders' commission per maund in the primary market as well as in the secondary market .

6.6 On the question of fairness of price of jute.

Out of the three areas we surveyed viz., Raipura, Bhanga and Mithapukur, cultivation of jute was found highly remunerative in the area Bhanga although in Raipura and Mithapukur price of fiber along with price of jute stick can also cover the cost of production. As we have seen in Bhanga of Faridpur very high quality tossa jute is grown and price of tossa jute is also higher than that of white jute. So farmers in this area could earn a surplus after meeting cost of production of jute. Further, in Bhanga broadcasting Aman is the substitute crop of jute which is less productive. Being a low-lying area Bhanga is manly suitable for cultivation of tossa jute during the wet season. In comparison in Raipura both white and tossa varieties of jute are cultivated. Cost of production of both are also high. Harvest time price of white and tossa (combined) could not cover the full cost. In Mithapukur cost of production of jute is lower, price is also lower

due to inferior quality of jute. Price of tossa jute separately can cover its cost of production but white jute cannot. Summing up we may say jute production is remunerative in Bhanga but in Raipura and Mithapukur price of fiber can hardly meet cost of production. Only if the price of jute stick is included in the price of fiber then cost of production can be fully covered and leaves a surplus to the growers.

According to the Jute Enquiry Commission, 1960 the following points are to be taken into consideration in order to judge the fairness of growers price of jute.

1. Cost and return from jute .
2. Jute Paddy price ratio.
3. Growers price as a share of export price.
4. Comparison of jute price with prices of other consumable commodities.

1. Cost and return from jute:

Regarding cost and return of jute, production was more remunerative in Bhanga compared to Raipura and Mithapukur, as we told. In Bhanga cost of cultivation of jute pre acre was estimated at Tk. 5,729.68 and yield per acre was 24.39 mds. Thus cost per maund was Tk. 234.92. Price per maund of tossa jute was Tk. 362.12 in the season 1994-95. Good quality tossa jute is grown in this area. Thus price of jute fiber alone could cover the full cost of production as well as retain a surplus to the grower. In Raipura cost of cultivation of an acre of jute is calculated at Tk. 7,332.42 and yield per acre at 24.65 mds. Therefore cost per maund of jute was Tk. 297.46 in the season 1994-95 Price per maund of tossa jute in that area was Tk. 288.10 per md. and of white jute Tk. 211.67 It is thus seen price of fiber alone could not cover the cost of production unless price of jute stick is included in the

calculation. Growers also get two maunds of jute stick per maund of jute fiber. The average price of a maund of jute stick varied between Tk. 60 and Tk. 70 in 1994-95. In Mithapukur cost of cultivation of an acre under jute was Tk. 3,898.82 and yield per acre was 18 mds. Cost of a maund of jute thus become Tk. 216.60 in that area. Price of a maund of tossa jute in that area was Tk. 266.50 and of white jute Tk. 215.52 in the season 1994-95. Price of tossa jute is, therefore, higher than cost of production although lower of white jute. The quality of jute both tossa and white is also inferior in the northern area. We may, therefore, come to the conclusion on the point of cost and return from jute that total return from jute including jute stick do not fall short of cost of production of jute in any area we surveyed although it differed from one area to another area. In Bhanga growers had a surplus from fiber alone but in the other two areas fiber along with jute stick gave the growers a surplus. What is significant return from paddy particularly form HYV variety of Aus and Boro is now-a-days much higher. In the following we will compare jute and paddy cost price ratio and return form these crops in the three survey areas.

2. Jute paddy cost price ratio:

In Bhanga of Faridpur broadcasting Aman (B. Aman) is cultivated during March- April and is treated as substitute crop of jute. As we have seen cost of cultivation of an acre of jute was Tk. 5,475.01 whereas cost of cultivation of an acre of B.Aman was Tk. 3,475.0 in that area., Yield of jute per acre was 24.39 mds and per acre yield of B. Aman was 15.08 mds only. Price of a manud of tossa jute in the area was Tk. 347.94 and of a maund of Aman paddy was Tk. 316.33 in the season 1994-95. Multiplying per acre yield of jute and paddy by their respective prices total return from jute per acre comes to Tk. 8,486.25 and from paddy Tk. 4,770.25. Return from jute

is thus 1.78 times more of paddy on the one hand but cost of jute is 1.65 times more of paddy on the other. Return from jute can thus more than compensate the high cost of cultivation of jute. A clear gain in the cultivation of jute in Bhanga. High quality tossa jute is only cultivated in Bhanga.

Compared to Bhanga in the other two survey areas viz: Raipura and Mithapukur HYV Aus and Boro are cultivated as substitute crop of jute. These varieties of paddy are cultivated during February/March and harvested in July-August coinciding with the harvest time of jute. Improved methods of cultivation are being followed in case of both Aus and Boro paddies. Cost of cultivation of an acre of paddy in Raipura was Tk. 10,409.41 and cost of cultivation of an acre of jute was Tk. 7,332.42. Cost of cultivation of paddy is, therefore, 1.42 times higher than cost of cultivation of jute. Yield of paddy per acre was 52.71 mds and yield of jute per acre was 24.65 mds. Price of paddy per maund in Raipura in the season 1994-95 was Tk. 307.89 and that of jute (white and tossa combined) was Tk. 268.46. Multiplying yield of paddy and jute by their respective prices, value of paddy become Tk.16,228.88 and value of jute become Tk. 6,617.54. Thus compared to cost ratio of paddy and jute 1.42:1, the ratio of return of paddy to jute was 2.45:1. A clear gain in the cultivation of HYV Aus and Boro compared to jute in this area. If we include the jute stick and paddy straw with the value of jute and paddy respectively (one maund of jute is equal to two mds. of jute stick while one maund of paddy is equal to one maund of paddy straw), jute paddy return ratio slightly improves at 1.87:1. Even then cultivation of paddy remains a profitable option on the same land in Raipura.

Similar is the situation in case of cultivation of jute in Mithapukur. HYV Aus/Boro are treated as substitute crop of jute but return from HYV

Aus/Boro is higher than from cultivation of jute. Cost of cultivation of an acre of paddy was Tk. 5,875.31 while cost of cultivation of an acre of jute was Tk. 3,898.02. Yield of paddy per acre was 44.80 mds and yield of jute per acre was 18.0 mds in the season 1994-95. Price per maund of paddy in that season was Tk. 276.83 and price per maund of jute was Tk. 221.0 (white and tossa combined). Multiplying yield of paddy and jute by their respective prices, value of paddy becomes Tk. 12,401.98 and value of jute Tk. 3,978.0. The ratio of paddy jute return stood thus 3.12:1 and in comparison their cost ratio stood at 1.51:1. A clear gain in the cultivation of paddy in Mithapukur. If we add the value of jute stick and paddy straw with the value of jute and paddy, then the ratio of paddy to jute comes down to 2.25:1. Still a clear gain in favor of paddy. Details of cost and return of jute and paddy is given in table 7.1 as follows:

Table 6.4

Jute-paddy cost and price ratios in the survey areas. (Figures in Tk.)

	Heads	Raipura	Bhanga	Mithapukur
1.	Cost of jute per acre.	7,332.42	5,729.68	3,898.82
2.	Cost of paddy per acre.	10,409.41	3,475.01	5,875.31
3.	Jute paddy cost ratio	1: 1.42	1: 0.61	1: 1.51
4.	Yield of jute per acre	24.65 mds.	24.39 mds.	18.0 mds.
5.	Yield of paddy per acre	52.71 mds	15.08 mds.	44.80
6.	Price of jute per md	268.46	362.12	221.0
7.	Price of paddy per md.	307.89	316.33	276.83
8.	Value of jute per acre	307.89 × 24.65 = 6,617.54	362.12 × 24.39 = 8,832.11	214 × 18 = 3,978.0
9.	Value of paddy per acre	307.89 × 52.71 = 16,228.88	316.33 × 15.08 = 4,770.25	276.83 × 44.80 = 12,401.98
10	Jute paddy yield ratio	1:2.45	1:0.54	1:3.12
11	Value of jute including jute stick (Tk.70 per md)	6617.54 + 3451 = 10068.54	8832.11 + 3414.6 = 12,246.71	3978.0 + 2520 = 6,498
12	Value of paddy including straw (Tk. 50 per md.)	16,228.88 + 2635.5 = 18,863.5	4770.25 + 754 = 5,524.25	12401.98 + 2240 = 14,641.98
13	Jute paddy yield ratio. Including Stick & straw	1: 1.87	1: 0.45	1: 2.25

In the past when local Aus was cultivated, the common belief among the farmers was that they must be able to buy 2 mds of paddy by selling one maund of jute. This is since cost of cultivation of jute was about twice the cost of cultivation of paddy. This calculation no longer holds good in view of high cost of HYV paddy. Market price of paddy is also almost equal to the price of jute. Due to high yield of paddy, return from paddy is now more than twice the return from jute. Thus the old theory of jute paddy price ratio no longer hold good. Return from paddy is almost more than twice the return

from jute. We have seen grower would not have produced jute unless costs of production were covered by the sum of prices of jute fiber and jute stick.

3. Growers' price as a share in Export price: Fairness of grower's price should also be judged by its share in export price of raw jute. As we have The Jute Enquiry Commission calculated this share as 69.64 p.c in 1960. Before that the Socio Economic Research Board, D.U. in its report 'Marketing of Jute in East Pakistan' calculated growers share as 72.17 p.c in the year 1958. Both the Jute Enquiry Commission and Socio Economic Research Board over estimated the ratio of growers share in export price of jute since they took the loose jute price prevailing in the secondary market to compare with export price. This is an overestimation since there is a big gap between the loose jute price in the primary market and the loose jute price in the secondary market. At present the gap in price of loose jute between primary market and secondary market is about Tk. 30/- per maund. Had they compared loose jute price in the primary market with export price then growers' percentage share in export price would have been much lower.

Growers share in export price which is calculated by us is 64.41 p.c. It may also go down in future unless marketing cost of jute can be controlled at all levels of marketing of jute. Marketing cost of jute has almost become double since 1980. Marketing cost of loose jute in 1980 was Tk. 12.90 per md. but it is Tk. 30.31 in 1995, kutchra baling cost in 1980 was Tk. 16.0 per maund but in 1995 it rose to Tk. 33.89 per maund. Similarly marketing cost of pacca bale per maund up to Chalna/Chittagong in 1980 was Tk. 34.22 but in 1995 it rose to Tk. 66.20 per md. Unless this rise in marketing cost is arrested in future, growers share in export price will further decline and that will impair the present fairness of growers price.

4. Comparison of jute price with prices of other consumable commodities.

Earlier we have seen out of income earned from sale of jute growers spent a lion's share on meeting cost of production of HYV Aman paddy. This occupied more than 50 p.c, daily marketing 20 p.c and 6 p.c. on food. That means they depend less on income from jute for purchasing food. So the question of fairness of price of fiber in the relation to price of other consumable commodities does not auger well. However it is true price of jute is not increasing as much as price of other consumable agricultural commodities. The index of price of jute in 1979-80 was 100(taking base price of 1976-77= 100) and it rose to 235 in 1994-95. Compared to that the index of price of general consumable commodities went up from 157 in 1979-80 to 396 in 1994-95, a much more increase in the price of other consumable items including Cereals, Oil seeds, Pulses, Spices, Vegetables etc. That prices of fiber are increasing less than prices of other agricultural commodities will affect growers if they go on depending on purchasing those agricultural commodities with income from jute. However, the dependence of income from jute to the extent 20 p.c is also a burden on them since prices of other commodities are increasing faster than jute.

Chapter VII

Policy Implications

Some observations made in the body of the thesis may be cited here before we suggest policy implications.

- (i) Farmers cultivate jute solely as a cash crop and their total production of jute is a marketable surplus. Jute is also their important source of income during July-October, the harvest period of jute. It was also observed that they use the revenue got from jute before December. So any suggestion that they would store jute beyond harvest time will not hold good unless adequate compensatory funds are created against stock of jute during harvest time.
- (ii) The intensity of sale of jute also shows a shift in the peak time of sale of jute. September was the peak time of sale of jute as pointed out by Indian Central Jute Committee as well as by the Jute Inquiry Commission of Pakistan. But in two of our survey areas viz. Raipura and Mithapukur the peak time of sale was seen August. The earlier sale in these two areas was due to introduction of HYV T. Aman cultivated in July and August. In Bhanga, however, there was cultivation of B. Aman sown along with jute and harvested with Jute. In that area the peak time of harvesting and sale shifts to October-November.
- (iii) Moreover, in the past farmers used to cultivate jute to meet shortage of rice during the lean three months preceding the aman harvest in the month of November. But now this idea of the farmers has almost changed. Big and medium sized farmers use the revenue got from sale of jute mainly for cultivation of T. Aman. Only a few among the small sized farmers holding farm size below 2.5 acres use their income from sale of jute on purchase of

rice directly. But others used for investment in the production of rice and rabi crops mainly:

- (iv) Growers also admitted that they had no speculative motive. They are compelled to sell during the harvest time although price at that time remains lower. In the survey areas growers sold 80 p.c. by December. For the rest of the quantity they told they could sell earlier but find no time. They are the rich cultivators.
- (v) Harvest time price of loose jute is always lower. In the season 1994-95, average price per maund of white jute was Tk. 205.45 during August but it rose to Tk. 270.0 in December. Similarly, average price per maund of tossa jute in the month of September was Tk. 285.7 although from December it went up to Tk. 400.0. Excessive sale of jute by the grower is held responsible for low price during the harvest time. The monopoly power of the buyers, high cost of marketing in the secondary market and lack of marketing facilities in the primary market are no less responsible.
- (vi) Primary market is imperfect. There is eye estimation of quality of jute. Buyers (Farias and Beparis) are not aware of the spinning quality of jute as well as they expressed ignorance about the cutting percentage of different types of jute. The effect of insufficient knowledge on the part of the lower level buyers is seen as weakness in the secondary market. Big traders staying in the secondary market do not accept the quality judgement of small traders in the primary market. Extra quantity charged for quality differences is at present between 1 md and 1.5 mds per 100 mds at Narayanganj. Moreover, there is no automatic mechanism of dissemination of price information from higher markets to primary markets.

- (vii) Primary market is influenced by secondary markets in various ways. Kutcha grades and pucca grades of jute are numerous. There are seven grades of kutcha jute as well as numerous private marks for pucca grades over and above the grades recognised by the London Jute Association. It is said bottom grade of Bangladesh jute is compared with top grade of Indian jute. There is higher grade standard for Pakistani ports and lower for African ports. It is also noted that Bangladesh jute is lowered in quality in international market. For example, BWD is now equivalent to Export Hearts of LJA but it was one grade higher equivalent to Export Lightning in the past. All these practices in local and international markets lead to under estimation of quality of jute down upto the primary market and lowering of the prices of loose jute.
- (viii) Processing cost of loose and baled jute in the secondary market has risen double since 1980. Traders usually fixes a price of loose jute in the primary market after deducting processing cost of jute at several stages from the terminal price. Marketing costs of loose jute in the secondary market was Tk. 12.91 per md. in 1980 but rose to Tk. 30.31 per md. in 1995. Kutcha baling cost was Tk. 16.0 per md. in 1980 but it rose to Tk. 33.89 per md. in 1995. Similarly, marketing costs of pucca bale upto Chalna / Chittagong was Tk. 34.92 per maund in 1980 but rose to Tk. 66.20 per maund in 1995. An ever increasing marketing costs in the secondary market reduced growers' share in the export price from 72.17 p.c. calculated by the Socio Economic Research Board, Dhaka University in 1958 to 64.61 p.c. found in this study for the year 1994-95. There is over estimation in the Bureau report since it took loose jute prices in the secondary market for comparison.

- (ix) Government from time to time took policies to improve the level of price of the growers level through fixing a Statutory Minimum Price (SMP) for X-Bottom loose jute and creating Cooperative Jute Marketing Sales Societies, Jute Marketing Corporations, nationalisation of jute mills. But the growers did not sell to these corporate bodies since terms and conditions did not suit them. Growers sold in small lots but the corporations purchased in big lots. Growers preferred payment in cash on the spot but the corporations paid through bank guarantee and partly cash. Purchasing centres opened by the corporations were few and far away from the growers but growers preferred to sell to Farias and Beparis generally available in village hats and also at homes. Offering price support without creating marketing facilities like grading, financing, storing, market knowledge could not stabilize price of jute at the growers' level. Thus, price fluctuated from season to season and growers received market price rather than the SMP fixed by government.
- (x) Summing up we may say only taking price policy without creating other facilities in the primary market made it difficult to enforce the SMP at the growers level. Jute lifted by Co-operative Societies, Marketing Co-operatives and jute mills were also on a limited scale compared to total quantity of jute disposed of through primary market. Ultimately price policies were abandoned from the season 1980-81.

It is a good sign that growers have started selling their jute themselves in the village market instead at homes. This has lessened the control of Farias and Beparis on the farmers to some extent. There is also reduction of marketing cost in the primary market due to development of road transportation. Farias and Beparis no longer resort to malpractices as result of presence of growers in

markets. There is no chance of imposing dhalak (extra) and weight and measures used are standard 40 seers in a maund. But individual effort of the growers cannot go far. There is need for an organised marketing at growers' level in order to check the control exercised by big traders in the secondary market in different ways. There are now obstacles on the way of growers getting a fair price of their jute. There is so far no important processing function of jute in the primary market. no dissemination of information of prices of jute in the secondary markets. These cannot be created by the efforts of individual growers. So the need for them is to establish organised marketing like regulated markets in cotton marketing in Berar, Bombay and Punjab. There may be organised marketing of jute through co-operative sales societies. The extended role of an organised market will be to maintain order in the primary market, post price list according to different grades, supply market intelligence, create storage facilities, grading of jute, make facilities of bank loan, quick settlement of disputes. In such a marketing arrangement there will be little scope for under grading of jute and growers had a good chance of obtaining a fair price of their crops.

There were instances of organised marketing in jute. Government set up East Pakistan Provincial Co-operative Marketing Society Ltd. as far back in 1952-53 after initial set back of co-operative movement during the trade depression in 1930's. Co-operatives were entrusted with the work of buying jute from the growers through Union Multipurpose Co-operative Societies whose members were also growers. The Central Co-operative Societies will have their warehousing, grading parties, baling press and if possible own transport. There were also provision to get financial accommodation not only from the National Bank of Pakistan (then created to finance jute trade) but also from the State Bank of Pakistan through the Provincial Co-operative Bank. In fact, there were no impact of beginning co-operative purchase of jute on the growers since the

management of co-operatives failed to run profitably and they did not extent the their facilities of marketing in the primary market so that growers are not benefitted in terms of price of jute. Later on government through an ordinance created the Jute Marketing Corporation to help among othersto form co-operative societies among growers, to stabilize price of jute, to purchase jute from the border belt areas, to ensure a fair price to growers. Jute Marketing Corporation could not compete with the private traders since the volume of trade was limited and purchase of jute was not timely. Jute Marketing Corporation and other corporations created after nationalization of jute failed to run-profitably. After denationalisation of jute trade in 1976 their purchase was limited. Marketing Corporations ceased to function from 1992-93.

The defects of organized marketing through co-operatives was that it was run from the top and acted like big traders without creating any benefit to the growers although it was instructed to purchase jute on graded basis, build warehouses, offer loan against storing of jute at the primary market. Moreover, since road transportation did not develop Faria and Beparis dominated in the primary market. The Royal Commission on Agriculture, 1929, the Indian Central Jute Committee, 1940, the Jute Enquiry Commission of Pakistan, 1960 recommended establishment of regulated markets in jute marketing. They also cited examples of regulated market in cotton marketing in Bombay and Berar. Regulated markets were also set up in Punjab under the Punjab Agricultural Marketing Act, 1939. Regulated markets will put a check on the willful trade of private traders. The essential features of Berar cotton marketing were that under the provisions of law, market and bazars may be notified and market committees may be appointed to manage them. Rules may be made to regulate the conditions and powers of the market committees. Unauthorised markets and bazars may be

prohibited. The Royal Commission observed vast improvement in the system of marketing as a result of the operation of these rules. Through this market organisation all marketing facilities can be created upto the growers level as was done in case of cotton marketing in Berar.

At the initial stage, there may be fear that it will interfere with the working of the free market. There should however, be no contradiction between proposed regulated market for jute and free market. The object of regulated market is to free the present marketing of obstacles it now faces and gives an opportunity for free market a greater role to play. Under regulated markets there will be creation of marketing opportunities now absent in the primary market, there will be more competition between growers and traders in the primary market, marketing cost charged at the secondary market will also be reduced.

It is feared that a commodity like jute which is depended on export, imposition of control on internal marketing will kill the incentives of traders, may put additional cost in the primary market but as we told the creation of regulated market in the primary market of jute is with a view to reducing the high cost of marketing in the secondary market, to bring the big traders at a competitive position and create a situation of offering a high price of jute to the growers. The big gap in marketing facilities existing between primary market and secondary market will be narrowed and efficiency in marketing will be achieved. The success of regulated market will depend on the scale of jute marketing handled through such marketing arrangement. At the initial stage the uninstructed traders may view the regulated marketing of jute with some amount of suspicion. Vested quarters in the jute trading may also show a hostile attitude. Regulated markets will be administered by Market Committees having growers, trades and government representatives. There is no reason why market committees will

prove inefficient like the past co-operatives. There will be representatives from Co-operative Societies also. Regulated markets will not be alternative to Jute Co-operative Sales Societies. Regulated markets will work in those markets and bazars notified and will be created by legislation. Jute Co-operative Sales Societies may work when regulated market will be absent.

Although not tried so far there is recommendation for the establishment of regulated market by the Jute Enquiry Commission of Pakistan in 1960. To quote, "for growers and also for Farias and Beparis regulated markets with warehousing facilities may be established at selected baling centres. Some markets may also be established in some primary markets from where jute can be transported to Narayanganj, Daulatpur and Chalna throughout the season. Warehouse may be set up and operated by co-operative sales societies which may be established with government encouragement and initiatives. Through the warehouse the balers would be able to purchase jute directly. The storage charge may also be standardized." The Finlow Committee on Jute (The Bengal Jute Enquiry Committee, 1932-33) recommended that careful trial should be given to a few regulated markets in selected centres. But the Focus Committee (The Bengal Jute Enquiry Committee, 1938-39) strongly recommended the regulated markets simultaneously all over the jute growing areas. The Indian Central Jute Committee, 1940-41 also passed the same opinion, 'many of the evils of marketing could be removed by the establishment of regulated markets'. What is important individual effort by growers against organised behaviour of traders at the top cannot guarantee a fair price to jute growers since they exercise monopoly control on primary market and also do not directly deal with the growers.

Chapter VIII

Summary, Conclusion and Recommendations

The issue of an improved marketing can benefit the growers of jute in several ways: by enabling them to get a fair price, enabling them to sell when price will be higher and improving their income to invest in other occupations. However, in case of early sale of jute during the beginning of harvest time in absence of marketing facilities in the primary market they are being exploited by traders. High marketing costs charged in the secondary market creates obstacles to offer a fair price to the growers.

We, therefore, tried to study the existing marketing facilities in the primary market, what new facilities are needed for primary market and the marketing mechanism through which these facilities can be created. At present the link between primary market and secondary market is thin since most of the marketing facilities are available in the secondary market but absent in the primary market.

The issue is important since the present price of jute received in some areas cannot cover the cost of production, growers share in export price is gradually decreasing. This will ultimately affect the incentive of the growers in jute cultivation, investing in other sectors from income earned from sale of jute as well as the peasant economy of Bangladesh.

Bangladesh is at present the leading exporter of both raw jute and jute goods. Of world export of raw jute Bangladesh share is around 88 p.c. and of world export of jute goods Bangladesh share is 54 p.c. India's share in world export of jute goods is 26 p.c. Less export of jute goods from India is due to domestic consumption of jute goods although India produces jute goods three times more than in Bangladesh. However, world exports of raw jute and jute

goods are less now due to use of synthetic substitutes (polypropylene polymer) in developed countries. Bangladesh exports raw jute and jute goods more in Asian and African countries. Bangladesh exports 60 p.c. of raw jute and 64 p.c. of jute goods in Asian and African countries.

The domestic situation is on an average 50 lakh bales of raw jute are produced of which 32 lakh bales are local jute mills consumption and 18 lakh bales are for export. Jute goods like Sacking, Hessian, carpets backing clothes (CBC) yarn and twine are manufactured. Of total quantity of 6 lakh metric tonnes of jute goods 0.55 lakh metric tonnes are locally consumed. So, Bangladesh depends more on exports for both raw jute and jute goods.

Jute is such a bast fibre which is not consumed in the form produced by the growers. It requires processing such as assorting, grading, baling which also involve transportation, storage, financing. These involve huge marketing cost at several stages. There are four identified markets through which raw jute passes. They are primary market, secondary market, terminal market and export market. In the primary market transaction of jute is in loose unassorted form. Growers present jute in primary market (village hat) and Faria, Beparis, agents of mills are buyers in this market. In the secondary market loose jute is assorted according to spinning quality of jute and graded into kutchha bales. Kutchha bales are for local jute mills consumption. There are two Terminal markets viz. Chalna and Chittagong. Through the Terminal markets raw jute is exported. Before exporting, raw jute is again assorted according to pucca grades and pucca bales are made free of cuttings from long jute. Shippers are the exporters of pucca bales and buyers are International Jute Associations and international brokers. In international or export market foreign jute mills are the purchasers and sellers are the foreign jute associations. During the lengthy process of marketing of jute marketing costs for assorting, baling, storage, interests,

shipping freight, insurance arises. Generally, the traders incur these costs and pay a price to the growers for loose jute after deducting these marketing costs.

Growers receiving a price as a result of marketing of jute is the subject of our investigation. Since ours is a study concerning the growers, we followed in the Method of our study to interview the growers. The Jute Enquiry Commission, 1960 and the Socio Economic Research Board, Dhaka University, 1958 left the growers out of their investigation. The Indian Central Jute Committee Reports 1941-42 touched on the farmers but the marketing problems have changed since then. Now the growers sell 90 p.c. of marketable surplus in hats but earlier they sold at homes; transport conditions has improved now in rural areas; the motive of growers in growing jute has also changed. They spend on production of paddy. We therefore, thought it necessary to study the problems of marketing in the primary market where growers are involved.

For drawing samples of growers we have taken one union from each of the jute growing areas of Bangladesh viz. The Jat Area, the District Area and the Northern Area. We have used Fisher's Random Sample Chart for this purpose. We took in total 100 samples of growers. In the primary market there are buyers like Farias and Beparis. So we took another 100 samples out of them from different primary markets. Farmers of different sizes were classified according to the Census of Agriculture and Livestock, 1983-84. Dealers of different sizes were interviewed in the primary market. Besides, growers and dealers we interviewed big traders like aratdars, balers and shippers in the secondary market. Big traders generally keep up-to-date account of marketing cost at different markets.

Now-a-days cropping pattern in the jute growing areas has radically changed. During the harvest time of jute another crop viz. HYV transplanted Aman paddy is cultivated in all the jute growing areas of the country. Early sale

of jute provide the much needed cash money for purchasing labour and capital inputs for cultivating transplanted Aman. As a result, peak time of selling jute has also become more early. In the past the belief was growers sell early due to shortage of food during the lean period of the year before Aman harvesting in November but now growers sell their jute not for purchasing food but also for producing food i.e. for cultivation of T. Aman. During harvest time they sell almost 80 p.c. of their crop for spending on cultivating T. Aman in July and August. So any suggestion that growers will store jute for later sale will not hold good unless adequate finance is provided against storing of jute.

During the harvest time price also remains lower. Price in the primary market is determined under imperfect conditions since jute is not a homogeneous commodity. Eye estimation of its quality is the rule. Primary dealers are at the bottom of the chain of middlemen traders who lift jute on the orders placed and prices offered by the Aratdars, Balers, Shippers and mills in the secondary market. Further, the growers cannot gather knowledge of the price of loose jute ruling in different hats in the villages as well as in the secondary markets. Under these circumstances price of loose jute received by growers is not at all competitive but manipulated by the class of middlemen traders. There remains a wide difference between harvest time price and price after the harvest time. Growers receive the harvest time price since they sell 70 p.c. of their stock during the harvest time. Moreover, they suffer from fluctuation of price and there is no marketing mechanism to stabilize price fluctuation from season to season.

Marketing facilities like grading and standardisation, storage and warehousing, financing by banks, market intelligence are absent in the primary market. There is no bank provision for financing loose jute. Thus traders in the primary market depend on Aratdars, Balers and Shippers for purchase of jute.

These marketing facilities are available in the secondary market. But high rates imposed for these services put a burden on the traders in the primary market and they in turn pay a low price of loose jute to the growers. Individual growers or dealers in the primary market cannot compete with the organised group of traders in the secondary market. Dr. Rakibuddin Ahmed in his thesis 'The Progress of the Jute Industry and Trade' cited the problem as, "they arise out of the existing structure of the jute market and hamper competitive bargaining between the buyers and growers on an equal footing. This is an inherent drawback, a legacy of the old system created by the Indian Jute Mills Association". The same policy is followed by the big traders in jute market. The farmers are poor, scattered and unorganised and handicapped by finance. They are unable to wait and circumstances compel them to dispose of their crop early in the season without receiving any marketing services. They as well as the Farias and Beparis in the primary market are not expected to bargain equally with the purchasers in the secondary market so powerful and well organised.

Growers weakness as sellers is treated as an opportunity by the dealers as buyers. If this trend in the primary market continues and unless reversed growers will continue to be exploited by the powerful buyers. It may be pointed out different jute commissions in the past suggested to takes marketing measures but no concrete steps are taken till now. But it is also true although late if the marketing measures are taken now the fate of the growers may turn to the better.

Transportation, standardization of weights and measures are mitigated to a great extent but others such as irregular allowances and deductions, standardization and grading, storage and finance, imperfect knowledge of market conditions remained what they were in the past. Rural transportation like semi-pucca roads and availability of light vehicles like rickshaw, vans and lorries has almost replaced age old system of transporting jute by country boats

and cart driven by pack animals. Growers themselves are selling their jute in the village market and need not stay at home for the peripatetic traders. At hats and bazars standard measures are also used but in the past farias and beparis used different types of weights and measures according to prevailing local conditions

Regarding storage and warehousing the suggestion of the Jute Enquiry Commission was, 'For growers and also for Farias and Beparis regulated markets with warehousing facilities may be established in some primary markets.' The Bengal Jute Enquiry Committee led by MR Fowcus, 1938-39 also recommended the setting up of approved warehouse at various centres so that cultivators could store their jute and obtain financial accommodation against their stock". Warehouse may also be set up and operated by Co-operative Societies which may be established with government encouragement and initiatives. Co-operative Societies in jute sector does not exist at present and no warehouse in the primary market.

Regarding graded sale of jute the opinion of the Socio Economic Research Board, Dhaka University was 'Although there is difficulty there is no doubt the present practice of buying and selling of jute in unassorted condition on lot grading or visual estimation of quality introduces a considerable indeterminacy in the prices paid increases the risk of buying and selling and quite possibly contributes to a reduction of the margin received by growers. This possibility is enhanced by the fact that the lower level intermediaries viz. Farias and Beparis (also growers) possess a very inadequate knowledge of grade specification". The report also suggested the establishment of a regulated market for jute, simple form of grading so that growers and dealers can be trained and they can recognise the commercial quality of jute. The Fowcus Committee also recommended some form of grading at the growers level and early constitution of Grading Board. Opinion of the growers as well as dealers

were sought on the problem of grading of jute in the primary market. Their reply was that since there is no practice of graded sale of jute at present, they depend on eye estimation of small traders. If there were the system of graded sale of jute which would fetch them a good return then they would have no objection to the graded sale of jute.

Individual growers are also in darkness about the price of their variety in higher markets. This is since there is no defined quality of loose jute except branding all lower bottom quality. It was also seen price differs from one hat to another in the same village. Price of tossa jute was Tk. 100-200 more per maund in Faridpur than almost for the same jute in Rangpur. This is since Faridpur is near to Narayanganj and Daulatpur. To fill the vacuum of market knowledge, the Jute Enquiry Commission recommended formation of regulated market run by Market Committee who will arrange to post price list and frame rules for control of traders.

Statutory Minimum Price (SMP), a policy pursued by government failed to deliver good due to non-creation of marketing facilities in the primary market. Growers did not receive SMP since mills and corporations did not purchase from the growers at SMP. Growers on the other received market price. What is needed there should be equal facilities of marketing in the primary market as well as in the secondary market and no gap of information of price of jute in between primary market and secondary market. In absence of full market information price of jute at growers level will remain arbitrary.

In the primary market there is no processing cost but there is transport costs. Within 5 to 10 k.m. distance growers sell and dealers purchase and for carrying loose jute they use rickshaw vans, boats and sometimes lorries. The rate of carrying jute is Tk. 5.0 per md. upto a distance of 5 k.m. and more than Tk. 5.0 for a distance above 5 k.m. There is also khajna (market toll) and the rate

varies between Tk. 1.0 and Tk. 2.0 per maund in different hats. Handling shortage (Dhalak) is charged if dealers lift jute from growers homes and the rate is 0.10 to 1 seer per maund. There is no fixed rate. Dealers also earn commission at the rate Tk. 3.0- to Tk. 5.0- per md. If transport cost, khajna, labour, dhalak and traders commission are all taken into account then marketing cost of loose jute per md. in the primary market will not exceed Tk. 10.0.

In the secondary market processing cost is very high. There is carrying cost of loose jute from primary market to secondary market. Other costs are for coolies, jachandari, kayali, mapani, dhalak, kabari, allowances for quality differences. Total cost for a maund of jute is Tk. 30.0 at this stage. Over and above there is kutchha baling and pucca baling costs. Kutchha baling cost per md. comes to Tk. 33.89 and pucca baling costs upto Chalna / Chittagong Tk. 66.20 per maund.

Summing up, total costs of marketing of jute per md. from primary market is Tk. 10.0 and in the secondary market upto export point is Tk. 130.42. In total marketing cost is Tk. 140.42 per md. Marketing costs are increasing fast in the secondary market and almost became double since 1980. Marketing cost of processing raw jute was Tk. 12.90 in 1980 but in 1995 it rose to Tk. 30.31 per md. Kutchha baling cost was Tk. 16.0 per md. in 1980 but it was Tk. 33.89 per md. in 1995. Pucca baling costs upto Chalna / Chittagong was Tk. 34.22 per md. in 1980 but it was Tk. 66.20 per md. in 1995. Marketing cost is on the rise.

As a result of rapid rise of marketing costs in the secondary market, growers share in export price has come down to 64.44 p.c. in 1994-95 from 69.64 p.c. calculated by the Jute Enquiry Commission in 1960 and from 72.17 p.c. calculated by the Socio Economic Research Board, Dhaka University in 1958. However, in both the calculations growers share had been overestimated

since they used loose jute price published by the Directorate of jute in the secondary market. Actually growers received less.

In order to judge the fairness of price of jute received by the growers, the following points are relevant.

- (1) Direct cost and return from jute.
- (2) Jute paddy cost price ratio.
- (3) Growers price as a share of export price.
- (4) Comparison of price of jute with prices of other consumable commodities.

Almost on all these counts jute is losing ground and can be concluded current raw jute prices at the growers level is no fair.

1. **Cost and return from Jute:**

We surveyed Palashtali Union of Raipura, Ulgi Union of Bhanga and Pairaband Union of Mithapukur. In Raipura cost of cultivation of an acre of jute was Tk. 7,332.42 and yield per acre was 24.65 mds. Cost per md. was therefore, Tk. 297.46 per md. Price of tossa jute was Tk. 288.10 and of white jute Tk. 211.67. Thus, in this area fibre alone could not cover the cost of production unless price of jute stick was included in prices of fibres. Price per md. of jute stick was Tk. 60.0 in 1994-95. In Mithapukur cost of cultivation of an acre of jute was less and yield was also less. Yield was 18 mds per acre and cost was Tk. 3,898.82. Cost per md. of jute was thus Tk. 216.60. Price per md. of tossa jute was Tk. 266.50 and of white jute Tk. 215.52 in the season 1994-95. In this area price of fibre barely covered the cost of fibre. Quite opposite situation rules in Bhanga. In Bhanga cost of cultivation per acre was Tk. 5,729.68 and yield per acre was 24.39 mds. Thus cost per md. was Tk. 234.92 and price per md. of tossa jute was Tk. 316.12. Only tossa jute is grown in Bhanga. Thus price of fibre is more than cost of production and a surplus is also earned.

2. Jute Paddy Cost Price Ratio:

In Bhanga jute is more productive. B. Aman paddy is cultivated along with jute but cannot compete with jute. Return from jute is 1.78 times more of paddy but cost is also more than paddy. Still the return from jute is higher. Compared to Bhanga in other two areas HYV Boro are cultivated and compete for the same acreage. HYV Boro / Aus are cultivated in February / March and harvested in July / August coinciding with the harvest time of jute. Improved methods of cultivation are followed in case of HYV Boro / Aus. Return from paddy is 2.45 times more of jute in Raipura and 3.12 times more of jute in Mithapukur.

In the past local Aus was cultivated as substitute of jute and the common belief among farmers was that they could be able to buy two mds. of paddy by selling one md. of jute. This calculation no longer holds good since returns from paddy is almost twice the return from jute.

3. Growers Price as a Share of Export Price:

Growers price as a share of export price is decreasing as a result of high costs of processing of jute in the secondary market. We have calculated the share as 64.44 p.c. based on present costs of marketing of jute. The Jute Enquiry Commission calculated it as 69.61 p.c. in 1960 and Dhaka University Socio Economic Research Board as 72.17 p.c. Growers share in export price will further decrease since marketing costs in the secondary market is increasing.

4. Index of the Prices of other Consumable Goods:

Index of the price of jute in 1979-80 was 100 (taking base price of 1976-77 = 100) and it rose to 235 in 1994-95. Compared to that, index of price of general consumable commodities went up from 157 in 1979-80 to 396 in 1994-95. This shows a more increase in the price of other consumable items which

includes cereals, oil seeds, pulses, spices, vegetables. Growers of jute always compare price of jute with other consumable items.

We may, thus, conclude profitability of jute is shrinking on all sides. In some areas, its costs cannot be covered by its prices, jute-paddy cost return is against jute, price of jute as a share of export price is decreasing and price of other consumable items are also increasing faster than price of jute. Judging on all these points growers price of jute can not be called a fairer to growers.

There are now formidable obstacles in the way of growers getting a fair price of their jute. It is a good sign that growers have started selling their jute in village hats instead of at homes. This has lessened the malpractices of Farias and Beparis to a great extent. There is no chance of imposing dhalak, mixing water and using different measures. But so far there is no important processing function of jute in the primary market, no market information of prices ruling in various places. This cannot be made available by individual growers. So there is need for organised marketing in jute market like the regulated marketing in cotton in Berar, Bombay and Punjab in India. There may be organised marketing through co-operative sales societies formed with farmers. The extended role of an organised market will be to maintain order in the primary market, post price list according to different grades, supply market intelligence, create storage facilities, grading of jute, make facilities of bank loan, quicken settlement of disputes. In such a marketing arrangement there will be little scope for undergrading by big traders.

Government created Co-operative Marketing Societies in the past and entrusted with the task of buying jute from growers through Union Multipurpose Co-operative Societies whose members were also growers. The Central Co-operative Societies had their warehousing, grading parties, baling press and if

possible own transport. There were provisions to get financial accommodation from the National Bank of Pakistan as well as from the State Bank of Pakistan.

In fact, there were little effect of co-operative purchase of jute since it did not extend facilities of marketing in the primary market so that growers can be benefitted in terms of bargaining power and price of jute. The defect of organised marketing through co-operatives was that it was run from the top and acted like big traders without creating any benefit to the growers although it was instructed to purchase jute on graded basis, build warehouse, offer loan against storing of jute at the primary market.

Appropriate regulation of the jute market can drastically improve the situation. The Jute Enquiry Commission of Pakistan, 1960 and the Indian Central Jute Committee, 1937 aptly recommended establishment of regulated markets in jute marketing. The essential features of regulated marketing are that hats and bazars may be notified and market committees may be appointed to manage them. Unauthorized hats and bazars may be prohibited. There was vast improvement in cotton marketing under this system in India as reported by Royal Commission on agriculture, 1928.

It is feared that a commodity like jute which is depended on export, imposition of control on internal marketing will kill the incentives of traders, may put additional costs in the primary market. As noted earlier, creation of regulated market in the primary market is with a view to reducing high costs of marketing in the secondary market and create a situation of offering higher price of jute at the growers level. The big gap between primary market and secondary market regarding marketing facilities will be narrowed and efficiency in marketing will be achieved. There may be apprehension that creation of regulated market will interfere with the working of free market. There should, however, be no contradiction between proposed regulated market for jute and

free market. The object of regulated market is to free the present marketing of obstacles it now faces and gives an opportunity for free market a greater role to play.

Conclusion:

The following conclusion emerged from the above summary. Price in the primary market is determined under an imperfect competition. Price of loose jute received by growers is not at all competitive but manipulated by a class of middlemen traders. There remains a wide difference between harvest time price and price after the harvest time. Growers receive the harvest time price since they sell 70 p.c. of their stock during the harvest time. Moreover, they suffer from seasonal fluctuation. There is no marketing mechanism to stabilize price fluctuation from season to season.

Marketing facilities like grading and standardization, storage and warehousing, financing for loose jute, market intelligence are also absent in the primary market. There is no bank provision to finance loose jute. Thus traders in the primary market depend on Aratdars, Balers, Shippers for purchasing of jute in the primary market. Most of these marketing facilities are available in the secondary market. But high rates imposed for these services put a burden on the traders in the primary market and they in turn pay a low price of loose jute to the growers. Individual growers and dealers in the primary market cannot compete with the organised group of traders in the secondary market. The farmers are poor, scattered and unorganised and handicapped by finance. They are unable to wait and circumstances compel them to dispose of their crop early in the season without receiving any marketing services. Had there been equal marketing facilities in the primary market along with secondary market, then growers prices would be determined on competitive basis.

Profitability of jute is also shrinking on all sides. In some of areas, price could not cover costs of production, in some areas prices could barely cover costs of production. Paddy-jute return ratio is in favour of paddy. Price of jute as a share of export price is decreasing, prices of other consumable commodities are increasing faster than price of jute. Judging on these points price of jute as received by growers cannot be called a fair.

Appropriate regulation of the jute market can improved the situation. The Jute Enquiry Commission of Pakistan, 1960, and the earlier Indian Central Jute Committee, 1937-38, aptly recommended establishment of regulated markets in jute marketing. The essential features of regulated marketing are that hats and bazars may be notified and market committees may be appointed to manage them. Unauthorized hats and bazars including unlicensed traders may be prohibited. There was vast improvement in cotton marketing under the regulated marketing in Bombay, Berar and Punjab according to Royal Commission on Agriculture, 1928.

The study has a number of limitations. We conducted survey only in a few villages in the three jute growing areas of Bangladesh. It focussed only on the primary market and emphasized on the growers problems there. Given the substantial homogeneity of the situation in most villages of the country, the study is relevant to them also. Formulation of appropriate policies and measures require that a broad based and comprehensive study is carried out on the issue. Further the study should collect information from a representative number of villages of the country and it should aim at linking the primary market, secondary market and the export market. A total study will form a relationship between jute marketing, household investment, employment, production and consumption.

Appendix of Tables

Table 1

Intensity of sale of jute by the growers in the jute season - 1994-95

(Figure in mds. Figures in parentheses are in percentage)

Area	Production	July	Aug	Sept.	October	Nov.	Dec.	Jan-Jun	Sold till Dec	Unsold
Raipura	408.50 (100.0)	26.25 (6.42)	124.75 (30.54)	114 (27.91)	38 (9.30)	53.62 (13.13)	6.5 (1.59)	-	363.89 (88.89)	45.38 (11.11)
Bhanga	1004 (100.0)	22 (2.19)	110 (10.96)	81.5 (8.12)	169 (16.83)	227 (22.61)	226.5 (22.56)	29 (2.89)	836 (83.27)	168 (16.73)
Mithapukur	539.75 (100.0)	40 (7.41)	276 (51.13)	71.5 (13.25)	16 (2.96)	35.5 (6.96)	12 (2.22)	-	451 (83.56)	88.75 (16.44)
All the areas	1952.25 (100.0)	88.25 (4.52)	510.75 (26.16)	267 (13.68)	223 (11.42)	316.12 (12.55)	245 (12.55)	29 (1.48)	1650.12 (84.52)	302.13 (15.47)
Details										
Raipura										
Big	65 (100.0)	-	8 (12.31)	13 (20.0)	19 (29.23)	9 (13.84)	-	-	49 (75.38)	16 (24.62)
Medium	183 (100.0)	19.25 (10.52)	60 (32.79)	63.15 (34.70)	5.5 (3.0)	9 (4.92)	-	-	157.25 (85.93)	25.75 (14.07)
Small	160.5 (100.0)	7 (4.36)	56.75 (35.35)	37.5 (23.36)	13.5 (8.41)	35.62 (22.19)	6.5 (4.05)	-	156.87 (97.74)	3.63 (2.26)
Total	408.50 (100.0)	26.25 (6.42)	124.75 (30.54)	114 (27.51)	38 (9.30)	53.62 (13.13)	6.5 (1.59)	-	363.12 (88.89)	45.36 (11.11)
Bhanga										
Big	450 (100.0)	-	35 (7.78)	50 (11.11)	35 (7.78)	170 (37.77)	70 (15.55)	-	360 (80.0)	90 (20.0)
Medium	315 (100.0)	19 (6.03)	48 (15.24)	12 (3.81)	51 (16.19)	45 (14.28)	91 (28.89)	-	266 (84.44)	49 (15.56)
Small	239 (100.0)	3 (1.25)	27 (11.30)	19.5 (8.16)	83 (34.75)	12 (5.02)	63.5 (27.41)	29 (12.30)	210 (87.87)	29 (12.13)
Total	1004 (100.0)	22 (2.19)	110 (10.96)	81.5 (8.12)	169 (16.83)	227 (22.61)	226.5 (22.56)	29 (2.89)	836 (86.16)	168 (16.33)
Mithapukur										
Big	248 (100.0)	24 (9.68)	113 (45.56)	9 (3.62)	9 (3.63)	25 (10.08)	-	-	180 (72.58)	68 (27.42)
Medium	192.5 (100.0)	10 (5.19)	103 (53.51)	40 (20.78)	5 (2.60)	9 (4.68)	12 (6.23)	-	179 (92.99)	13.5 (7.01)
Small	99.25 (100.0)	6 (6.05)	60 (60.04)	22 (22.67)	2 (2.02)	15 (1.52)	-	-	92 (92.70)	7.25 (7.30)
Total	539 (100.0)	40 (7.41)	276 (51.30)	71.5 (13.25)	16 (2.96)	35.5 (6.58)	12 (2.22)	-	451 (83.56)	88.75 (16.44)

Questionnaire for growers : Question no. 10

Table 2

Cropping pattern and acreage put under different crops in the survey area
(Figures in Acres. Figures in parentheses are in percentage)

Areas	T. Aman	B. Aman	HYV Boro	Aus	Jute	Wheat	Sugarcane	Pulses	Potato	Oil seeds	Vegetables	Chillies	Tobacco	Total
Raipura	56.07 (38.18)	-	53.65 (36.53)	-	16.94 (11.33)	-	-	2.47 (1.68)	3.34 (2.29)	5.55 (3.78)	7.59 (5.17)	1.25 (0.85)	-	146.86 (100.0)
Bhanga	18.25 (10.78)	5.42 (3.20)	41.92 (24.77)	-	41.09 (24.28)	9.09 (5.37)	-	29.15 (17.22)	-	24.33 (14.38)	-	-	-	169.25 (100.0)
Mithapukur	91.02 (41.01)	-	68.23 (30.75)	0.33 (0.15)	29.74 (13.40)	-	2.02 (0.91)	2.86 (1.29)	20.52 (9.25)	3.28 (1.48)	3.0 (1.48)	0.35 (0.16)	0.55 (0.25)	221.9 (100.0)
						Details								
Raipura														
Big	7.0 (32.41)	-	8.0 (37.41)	-	2.6 (12.04)	-	-	0.20 (0.93)	0.90 (4.16)	2.0 (9.26)	0.55 (2.54)	0.35 (1.62)	-	21.60 (100.0)
Medium	32.15 (40.50)	-	29.02 (36.55)	-	8.52 (10.73)	-	-	0.92 (1.22)	1.41 (1.78)	2.35 (2.96)	4.17 (5.25)	0.80 (1.01)	-	79.34 (100.0)
Small	16.92 (36.85)	-	16.63 (36.22)	-	5.82 (12.67)	-	-	1.35 (2.94)	1.03 (2.24)	1.20 (2.01)	2/87 (6.25)	0.10 (0.22)	-	45.92 (100.0)
Bhanga														
Big	7.76 (10.54)	5.0 (6.79)	18.52 (25.16)	-	17.0 (23.11)	7.24 (9.84)	-	9.46 (12.85)	-	8.62 (11.71)	-	-	-	73.6 (100.0)
Medium	7.12 (12.34)	0.42 (0.73)	13.14 (22.77)	-	14.55 (25.21)	1.25 (2.17)	-	11.29 (19.56)	-	9.94 (17.22)	-	-	-	57.71 (100.0)
Small	3.37 (8.88)	-	10.26 (27.04)	-	9.54 (25.15)	0.60 (1.58)	8.40 (22.14)	-	5.77 (15.21)	-	-	-	-	37.94 (100.0)
Raipura														
Big	37.0 (40.26)	-	28.0 (30.47)	-	13.0 (14.15)	-	-	1.80 (1.96)	8.7 (9.47)	0.40 (0.43)	3.0 (3.36)	-	-	91.9 (100.0)
Medium	41.71 (42.55)	-	29.8 (30.40)	0.33 (0.34)	11.1 (11.32)	-	1.0 (1.02)	0.96 (0.98)	10.25 (10.46)	2.88 (2.94)	-	-	-	98.03 (100.0)
Small	12.31 (39.77)	-	10.43 (33.70)	-	5.64 (18.22)	-	-	0.10 (0.32)	1.57 (5.07)	-	-	0.35 (1.13)	0.55 (1.78)	30.95 (100.0)

Questionnaire for growers : Question no. 8

Table 3

Total Cultivable Land and Acreage and Yield of White and Tossa Jute.

(Figures in Acres)

Areas	Size of holding	Total Non-cultivable	Cultivable land	Acreage under jute	Acreage under White jute	Acreage under Tossa jute	Total yield of White jute	Total yield of Tossa jute	Total yielding of both White & Tossa	Pucca acre yield of white	Per acre yield of Tossa	Per acre of yield of White & Tossa combined
Raipura	3.71	0.48	3.23	0.51	0.15	0.36	3.57	8.80	12.37	22.52	23.53	24.25
Bhanga	3.54	0.34	0.20	1.24	-	1.24	-	30.35	30.85	-	24.22	24.87
Mithapukur	4.42	0.95	3.48	0.90	0.24	0.66	4.42	11.93	16.35	17.42	18.32	18.16
Details												
Raipura												
Big	14.25	0.85	13.40	1.30	0.70	0.60	17	15.5	32.5	20.3	23.39	22.04
Medium	4.41	0.64	3.50	0.57	0.18	0.39	3.93	8.26	12.2	21.63	21.85	21.15
Small	2.00	0.30	1.71	0.37	0.06	0.31	1.56	8.47	10.03	25.64	24.85	25.24
Bhanga												
Big	10.75	0.64	10.11	3.4	-	3.4	-	90.0	90	-	24.76	24.76
Medium	3.95	0.43	3.52	1.45	-	1.45	-	32.9	32.9	-	23.35	23.90
Small	1.31	0.21	1.11	0.53	-	0.53	-	13.28	13.28	-	24.55	24.55
Mithapukur												
Big	12.19	3.16	9.03	2.6	1.15	1.45	20.2	24.4	49.6	13.21	16.56	16.42
Medium	4.65	0.86	3.82	0.79	0.13	0.66	2.60	11.14	13.75	18.73	18.93	18.56
Small	1.41	0.24	1.17	0.40	0.03	0.37	0.61	6.48	7.09	20.33	19.46	19.69

Questionnaire for Growers : Question No. 8

Table 4

Utilization of Cash received from Sale of Jute.

(Figures in Percentage)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
	Labour cost of T. Aman	Material cost of T. Aman	Labour cost of Rahi	Material cost of Rahi	Labour cost of harvest of jute	Daily marketing	To purchase rice	Educational medical	Festival	Repayment of loan	Power animal	Purchase of land	On housing	On agri tools	On business	Cash at hand	
Rajpur	40.94	12.09	1.04	2.70	-	9.04	8.98	3.08	1.11	2.00	9.08	2.39	-	0.94	2.51	-	(100.0)
Bhanga	13.97	6.00	4.81	0.05	15.40	25.62	8.55	2.11	1.59	10.08	2.76	3.76	1.82	-	0.84	2.03	(100.0)
Mithapukur	41.23	18.15	3.01	2.23	1.45	17.79	4.41	0.54	-	4.91	-	4.22	-	-	1.46	-	(100.0)
	32.05	12.28	3.15	6.55	5.02	17.48	7.31	2.98	0.0	5.86	4.15	3.46	0.61	0.31	1.70	0.98	(100.0)
Detail																	
Rajpur																	
Big	43.26	48.10	8.64	-	-	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Medium	41.93	8.85	-	6.59	-	9.95	-	7.46	-	6.35	9.76	5.84	-	1.29	-	-	(100.0)
Small	39.60	6.06	-	-	-	10.50	19.11*	4.32	1.36	-	12.00	-	-	-	-	-	(100.0)
Bhanga																	
Big	14.54	7.02	10.26	0.15	25.56	24.08	-	-	-	19.39	-	-	-	-	-	-	(100.0)
Medium	24.93	9.62	-	-	13.86	34.83	5.18*	-	0.83	2.40	-	-	-	-	-	8.56	(100.0)
Small	13.97	6.00	4.81	0.05	15.40	25.62	8.25*	2.11	1.59	10.08	2.76	3.76	1.82	-	0.84	-	(100.0)
Mithapukur																	
Big	57.77	12.96	2.88	1.41	-	13.98	-	-	-	-	-	-	-	-	-	-	(100.0)
Medium	35.57	15.95	4.85	2.66	5.40	17.58	2.73*	-	-	4.16	-	9.90	-	-	-	3.40	(100.0)
Small	24.71	14.40	3.42	1.07	-	24.98	16.18*	2.53	-	14.05	-	-	-	-	-	-	(100.0)

Figures with asterisk indicate spending on rice by small and middle sized farmers.

Questionnaire for growers : Question no. 10.

Table 5

Reasons other than cultivation of T. Aman for early sale of jute.

Areas	Lack of storage facilities at home	Risk of damage which in stock	Preference for any Faria and Bepari	Payment of Loan	Non-availability of any other source of finance	Total
Raipura	12 (37.5)	25 (78.13)	1 (3.13)	2 (6.25)	13 (40.63)	32
Bhanga	15 (45.45)	7 (21.21)	18 (54.55)	6 (18.18)	21 (63.64)	33
Mithapukur	22 (66.67)	19 (57.58)	2 (6.06)	8 (24.24)	14 (42.42)	33

Appendix A Table 4.5 Vide Question No. 25 of Question for Growers.

Source : Immediate

Table 6

Most occurred transactions in the survey areas

Areas	Average Production	Size of transactions						Total Transactions
		1-5	6-10	11-15	18-20	21-25	Above 25 mds	
Raipura	12.38	22 (44.00)	15 (30.00)	9 (18.00)	2 (4.00)	2 (4.00)	- (0.0)	50 (100.0)
Bhanga	30.42	19 (29.69)	19 (29.69)	12 (18.75)	4 (6.25)	1 (1.56)	30, 30, 32, 35, 35, 40, 40, 60, 90 = 09(14.06)	64 (100.0)
Mithapukur	16.35	25 (47.19)	16 (30.19)	4 (7.55)	7 (7.55)	2 (3.77)	35, 60 = 02 (3.77)	(100.0)
Details								
Raipura	Average production							
Big	32.5	1	2	2	-	-	-	5
Medium	12.20	5	9	5	1	-	-	20
Small	10.03	16	4	2	1	2	-	25
Total	-	22	15	9	2	2	-	50
Bhanga								
Raipura	90	-	5	1	-	-	6	12
Medium	31.5	8	9	6	2	-	2	27
Small	13.28	11	5	5	2	1	1	25
Total	-	19	19	12	4	1	9	64
Mithapukur								
Big	49.6	2	4	-	1	1	2	10
Medium	13.75	9	5	4	3	1	-	22
Small	7.09	14	7	-	-	-	-	21
Total	-	25	16	4	4	2	2	53

Questionnaire for growers : Question no. 10.

Table 7

Quantity of Jute Sold at home, hats and mills purchased centre

Figures in Fads and Figures in Parentheses are percentage

Areas	Quantity sold at home	Quantity sold at hats	Quantity sold at mills purchased centre	Total sold till December
Raipura	21 (5.77)	343.12 (94.23)	-	364.12 (100.0)
Bhanga	522 (60.35)	343 (39.65)	-	865.00 (100.0)
Mithapukur	21 (4.65)	425 (74.24)	5 (1.11)	451 (100.0)
Total :	564 (33.57)	1111.12 (66.13)	5 (10.30)	1680.12 (100.0)
Details				
Raipura				
Big	4 (8.61)	45 (91.84)	-	49 (100.0)
Medium	8 (5.09)	149.25 (94.91)	-	157.25 (100.0)
Small	9 (5.70)	148.87 (94.30)	-	157.87 (100.0)
Bhanga				
Big	210 (58.33)	150 (41.67)	-	310 (100.0)
Medium	118 (44.36)	148 (55.64)	-	266 (100.0)
Small	194 (81.17)	45 (18.83)	-	239 (100.0)
Mithapukur				
Big	21 (11.67)	159 (88.33)	-	180 (100.0)
Medium	-	174 (97.21)	5 (2.79)	179 (100.0)
Small	-	92 (100.0)	-	92 (100.0)

Questionnaire for growers : Question no. 10.

Table 8

Percentage of Income received from Agriculture and other occupations in the Survey Area

Areas	Agriculture	Business	Personal Services	Others	Total Income and Percentages
Raipura	72.07	20.65	6.61	0.67	21, 79, 017.5 100.00
Bhanga	55.96	16.77	26.82	0.45	15, 67, 83.2 (100.00)
Mithapukur	81.76	8.82	6.05	3.37	22, 91, 508.5 (100.0)
All	69.93	15.41	13.16	1.50	
Details					
Raipura					
Big	98.83	-	-	1.17	100.0
Medium	66.90	28.55	4.00	0.55	100.0
Small	71.18	14.89	13.24	0.69	100.0
Bhanga					
Big	73.97	11.71	14.32	-	100.0
Medium	70.48	3.91	24.10	1.51	100.0
Small	31.62	30.05	38.33	-	100.0
Mithapukur					
Big	83.28	5.42	6.78	4.52	100.0
Medium	83.32	11.37	5.31	-	100.0
Small	73.30	9.67	6.43	10.60	100.0

Questionnaire for growers : Question no. 3.

Table 9

Price of jute during harvest time and after harvest time as well as price of jute stick received by growers during the season 1994-95

(Taka)

	July		August		September		October		November		December		January		Price of Jute Stick (per md)
	White	Tossa	White	Tossa	White	Tossa	White	Tossa	White	Tossa	White	Tossa	White	Tossa	
Raipur	230	290	208.33	295.75	183.33	276.66	225	290	270	296.53	-	330.0	-	-	60/-
Bhanga	-	313.75	-	356.66	-	354.83	-	354.64	-	359.82	-	365.83	-	400	75/-
Mithapur	210	221.67	209.06	241.39	227.5	230.42	-	212.5	-	193.25	-	-	-	-	57/-
Av. of All	220	275.14	208.70	297.43	205.42	287.30	225.0	283.71	270	283.2	-	347.9	-	400	64/-
Tossa	247.57		253.31		246.36		255.35		276.60		-	347.9	-	400	-

Questionnaire for growers : Question no. 10.

Table 10

Jute-paddy cost and price ratios in the survey areas

(Figures in Taka)

	Heads	Raipura	Bhanga	Mithapukur
1.	Cost of jute per acre	7,332.42	5,729.68	3,898.82
2.	Cost of paddy per acre	10,409.41	3,475.01	5,875.31
3.	Jute paddy cost ratio	1:1.42	1:0.61	1:1.51
4.	Yield of jute per acre	24.65 mds.	24.39 mds.	18.0 mds.
5.	Yield of paddy per acre	52.71 mds.	15.08 mds.	44.80
6.	Price of jute per md.	268.46	362.12	221.0
7.	Price of paddy per md.	307.89	316.33	276.83
8.	Value of jute per acre	307.89 x 24.65 = 6 617.54	362.12 x 24.39 = 8,832.11	214 x 18 = 3,978.0
9.	Value of paddy per acre	307.89 x 52.71 = 16,228.88	316.33 x 15.08 = 4,770.25	276.83 x 44.80 = 12,401.98
10.	Jute paddy yield ratio	1:2.45	1:0.54	1:3.12
11.	Value of jute including jute stick (Tk. 70 per md.)	6617.54 + 3451 = 10,068.54	8832.11 + 3414.6 = 12,246.71	3978.0 + 2520 = 6,498
12.	Value of paddy including straw (Tk. 50 per md.)	16,228.88 + 2635.5 = 18,863.5	4770.25 + 754 = 5,524.25	12401.98 + 2240 = 14,641.98
13.	Jute paddy yield ratio including stick & straw	1:1.87	1:0.45	1:2.25

Table 11

Share of Bangladesh in world export of raw jute (000 M. tonnes).

Seasons	Bangladesh	India	China	Thailand	Nepal	World Total	Share of Bangladesh (%)
1984-85	253.8	-	45.0	21.7	5.2	346.0	73.35
1985-86	414.2	10.4	73.2	4.7	4.7	535.1	77.41
1986-87	403.6	10.6	77.2	2.0	7.1	524.9	76.89
1987-88	242.1	7.3	74.1	6.0	15.9	364.7	66.38
1988-89	291.9	7.8	43.2	5.6	9.0	382.8	76.25
1989-90	372.9	4.2	52.9	8.3	16.1	509.1	73.25
1990-91	288.0	10.1	45.0	6.6	0.8	378.9	76.00
1991-92	275.9	9.0	36.0	6.2	1.3	350.3	78.76
1992-93	280.0	3.9	21.1	6.5	1.0	341.1	82.09
1993-94	245.3	-	17.5	4.9	-	281.2	87.23
1994-95	310.4	-	15.6	4.8	2.3	358.9	86.89
1995-96	214.9	-	5.7	3.1	1.0	242.7	88.85

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

Table 12

Share of Bangladesh in world export of jute goods. (000 M. tonnes)

Seasons	Bangladesh	India	China	Thailand	Nepal	World Total	% of Bangladesh
1984-85	438	299	49	101	12	1104	39.67
1985-86	485	255	89	85	12	1111	43.65
1986-87	528	265	114	104	12	1149	45.95
1987-88	478	238	72	137	14	1050	45.52
1988-89	508	204	63	105	10	1018	49.90
1989-90	546	226	65	103	8	1086	50.27
1990-91	387	197	58	86	15	873	44.33
1991-92	487	186	48	69	11	912	53.40
1992-93	480	215	50	65	10	923	52.00
1993-94	467	179	33	55	10	845	55.27
1994-95	495	221	47	45	10	914	54.16
1995-96	428	206	24	25	10	790	54.18

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

Table 13

World production of Jute, Kenaf and allied fibres (000 M. tonnes)

Seasons	Bangladesh	India	China	Thailand	Nepal	World Total	% of Bangladesh
1984-85	889	1314	746	197	33	3410	26.07
1985-86	1548	2207	2060	266	61	6439	24.04
1986-87	983	1440	710	240	24	3657	26.88
1987-88	781	1221	569	168	15	3021	25.85
1988-89	799	1422	539	175	18	3203	24.94
1989-90	835	1305	660	163	16	3200	26.09
1990-91	915	1639	726	181	16	3650	25.07
1991-92	950	1620	508	157	19	3411	27.85
1992-93	828	1260	550	161	10	3008	27.52
1993-94	782	1374	672	139	11	3095	25.26
1994-95	1027	1476	355	130	12	3110	33.02
1995-96	653	1404	371	115	15	2665	24.50

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

Table 14

World Production of Jute Goods

Calender Year	Bangladesh	India	China	Thailand	Pakistan	Burma	World	% of Bangladesh
1984	569	1217	586	206	90	37	3174	17.92
1985	566	1377	670	168	92	42	3407	16.61
1986	509	1539	813	212	111	25	3732	13.64
1987	439	1331	641	213	120	30	3296	13.32
1988	597	1421	637	204	111	17	3451	17.30
1989	710	1359	794	205	107	23	3589	17.78
1990	645	1527	709	163	100	20	3525	18.30
1991	531	1546	608	146	109	12	3305	16.06
1992	618	1437	550	134	104	18	3153	19.60
1993	566	1500	572	131	82	20	3138	18.03
1994	574	1498	500	98	73	27	3022	18.99
1995	524	1506	535	102	77	29	3009	17.41

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

Table 15

Region wise exports of jute by Bangladesh in the following years.

Sl. No.	Regions	1972-73	1974-75	1979-80	1984-85	1989-90	1991-92
1.	West European ECM countries	1011.6	453.5	497.5	299.6	118.6	76.7
2.	East Europe and USSR	356.9	349.9	380.0	176.5	534.4	162.3
3.	Asian Countries	515.0	158.7	526.8	555.4	1170.7	876.1
4.	African Countries	40.5	243.0	323.2	284.1	199.6	220.0
5.	North and Latin America	226.3	115.4	196.6	90.3	16.3	18.7
6.	Australia	7.9	0.5	5.4	-	-	-
7.	Countries Total Export	2828.0	1549.0	1968.0	1408.8	2064.0	1533.0

Source : Directorate of Jute Inspection and Control, Government of Bangladesh.

Table.16
Direction of exports of jute goods.

(Figures in metric tons)

	1988-89	1989-90	1990-91	1991-92	1992-93
North and Latin America	46696	53368	43955	39605	29295
East Europe and USSR	19857	54531	19667	8201	10203
EEC countries & East Europe	43241	63372	62693	63172	46331
African Countries	173122	103200	69981	86003	121512
Asian Countries	107412	130638	70830	149723	142405
Australia	23061	26982	25012	21806	17980
Rest of the World	33947	54748	32038	39234	41012
Total :	458090	486844	324176	407744	408738

Source : Annual Summary of Jute and Gunny Statistics – IJMA.

Table 17

Movement of acreage, production and yield of jute

Seasons	Acreage (lakh acres)	Production (lakh bales)	Yield per acre (Bales)
1984-85	16.71	51.11	3.06
1985-86	26.14	86.60	3.31
1986-87	19.08	67.53	3.54
1987-88	12.45	43.38	3.48
1988-89	13.42	44.39	3.31
1989-90	13.39	46.39	3.46
1990-91	14.07	50.81	3.61
1991-92	14.00	49.43	3.53
1992-93	12.36	49.19	3.98
1993-94	12.88	43.46	3.37
1994-95	14.03	57.08	4.07

Source : Department of Agriculture, Government of Bangladesh.

Table 18
Five Years Average of Acreage and Production of Jute

Five Years Average	Average Acreage	Average Production
1960-61 – 1964-65	17,32,266	60,44,327
1965-66 – 1969-70	22,48,736	64,82,328
1970-71 – 1974-75	19,40,650	53,70,569
1975-76 – 1979-80	17,22,395	53,01,591
1980-81 – 1984-85	15,05,079	49,59,248
1985-86 – 1989-90	16,89,600	57,65,800
1990-91 – 1994-95	13,46,800	49,99,400

Source : The Annual Review, Ministry of Jute.

Table 19
Change in composition of white and tossa jute

(Figures in 000 bales)

Seasons	Acreage under White and Tossa		Production of White and Tossa	
	White	Tossa	White	Tossa
1981-82	934	478	2758	1869
1982-83	862	563	2813	2069
1983-84	833	602	3102	2114
1984-85	1000	668	3089	8022
1985-86	1385	1229	4590	4070
1986-87	1083	825	3117	2836
1987-88	653	613	2423	2277
1988-89	757	586	2284	2152
1989-90	520	819	1804	2835
1990-91	510	932	1837	3465
1991-92	560	893	1928	3345
1992-93	393	946	1600	3200

Source : Cash Crop Section : Ministry of Agriculture.

Table 20
Acreage and production of Meshta since 1974-75

Seasons	Acreage (acres)	Production (bales)	Yield (bale per acre)
1974-75	24,360	54,420	2.23
1975-76	22,673	62,330	2.75
1976-77	24,965	67,390	2.97
1977-78	26,820	75,289	2.81
1978-79	29,210	87,515	2.99
1979-80	24,530	71,730	2.92
1980-81	17,620	42,065	2.39
1981-82	16,405	40,435	2.46
1982-83	16,835	38,675	2.30
1983-84	16,100	39,945	2.48
1984-85	17,420	39,405	2.26
1985-86	20,240	48,290	2.38
1986-87	16,200	38,290	2.38
1987-88	12,880	28,320	2.20

Source : Bangladesh Bureau of Statistics (BSS) and the annual Review.

Table 21

Annual Production Domestic Use and Year end Carry-over of Jute

Seasons	Supply				Distribution				
	Opening Stock	Production	Total Supply	Mill consumption	Use by growers	Total Domestic Consumption	Export	Loss of Days	Year end carry-over
1984-85	10.10	49.39	59.49	32.50	3.0	35.50	14.06	-	9.76
1985-86	9.76	86.58	96.34	28.45	2.23	30.68	23.01	-	42.65
1986-87	42.65	54.61	97.26	33.56	2.29	35.85	22.41	-	39.00
1987-88	39.00	43.38	82.38	32.24	4.61	36.85	13.45	(0.61)	32.08
1988-89	32.08	44.39	76.47	31.68	5.18	36.86	16.17	(1.18)	23.44
1989-90	23.44	46.39	69.83	33.28	4.96	38.24	20.64	(0.96)	10.95
1990-91	10.95	50.81	61.76	28.88	4.44	33.32	16.00	(0.44)	12.44
1991-92	12.44	49.43	61.87	28.70	4.32	33.02	15.33	(0.32)	13.52
1992-93	13.52	49.49	63.01	29.93	3.73	33.66	15.69	(0.43)	13.66
1993-94	13.66	46.04	59.70	30.91	4.42	35.33	14.56	(0.42)	9.81
1994-95	9.81	55.61	65.42	30.00	4.00	34.00	17.24	(0.46)	4.18
1995-96	14.18	35.70	49.88	28.96	4.00	32.96	11.94	(0.27)	4.98
1996-97	4.98	59.00	63.98	29.68	4.00	33.68	19.77	(0.51)	10.53
1997-98	10.53	62.00	72.53	30.00	4.00	34.00	22.79	(0.50)	15.74

Source: Annual Summary of Jute and Gunny Statistics -IJMA.

Table 22

**Jute Mills Purchase of Raw Jute, Stock of Raw Jute with Mills
and Production of Jute Goods and Stock of Jute Goods with Mills**

Seasons	Stock of jute with the mills (lakh bales)	Purchase of raw jute (lakh bales)	Production of jute goods (Lakh M.T.)	Export of jute goods (Lakh M.T.)	Stock of jute goods (Lakh M.T.)
1981-82	9.14	33.46	6.08	5.53	0.95
1982-83	7.05	33.20	6.02	5.38	1.07
1983-84	6.81	33.28	5.85	5.03	1.25
1984-85	5.61	32.50	5.73	4.74	1.57
1985-86	14.63	28.45	4.90	4.93	1.18
1986-87	11.00	33.56	5.98	5.33	1.17
1987-88	8.65	32.24	5.78	4.74	1.52
1988-89	8.34	31.68	5.58	5.08	1.47
1989-90	5.92	33.28	5.80	5.45	1.28
1990-91	4.73	28.88	5.04	3.94	1.74
1991-92	3.65	28.70	4.93	4.70	1.23

Source : Ministry of Jute, Research Section.

Table 23

Average Price Loose Jute during the Harvest Time of Jute Seasons

(Price Tk. per md)

Months	198-87	1987-88	1988-89	1989-90	1990-91	1991-92	Average
July	110.8	207.5	229.5	298.3	347.6	294.2	247.98
August	135.1	281.9	229.3	274.6	346.5	244.0	251.90
September	139.4	304.3	223.2	266.9	333.5	246.5	252.30
October	123.5	308.9	237.2	283.2	332.4	251.9	256.18
November	139.5	298.0	235.3	332.0	338.1	279.7	270.43
December	151.9	295.6	238.7	348.0	348.3	282.6	277.52
January	181.4	292.4	257.0	354.2	341.5	277.0	283.92
February	192.2	281.3	260.0	358.7	318.0	277.3	281.25
March	206.3	277.2	272.5	375.0	335.8	280.4	241.1
April	212.5	263.1	271.1	395.1	340.4	282.2	294.06
May	225.9	261.3	289.3	393.8	350.7	287.4	301.4
June	238.8	263.0	285.3	374.1	359.2	291.0	301.9

Source: Directorate of Jute.

Table 24

Fluctuation in price and corresponding fluctuation in acreage.

Seasons	Price of the season	% charge in price from the previous season	Acreage under jute in the next season (lakh acres)
1980-81	101.86	-	14.12
1981-82	136.71	+ 34.2	14.25
1982-83	154.08	+ 12.7	14.35
1983-84	250.61	+ 62.2	16.71
1984-85	530.42	+ 111.6	26.14
1985-86	196.38	- 170.2	19.08
1986-87	153.37	- 28.0	12.66
1987-88	299.0	+ 94.9	13.43
1988-89	251.0	- 19.1	13.39
1989-90	304.26	+ 21.2	14.42
1990-91	336.61	+ 10.6	14.53
1991-92	256.16	- 23.9	11.39

Source: Directorate of Jute.

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