

# Jute items in everyday life

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**J**UTE diversified products (JDP) of Bangladesh have immense potential for growth in the domestic market because more and more leading business organisations are adopting a 'go green policy' as their corporate motto, said a recent study.

The domestic market can grow by another 300 percent from an existing Tk 20 crore to Tk 60 crore a year in the next couple of years due to the strong growth in the boutiques and retail industry and increasing corporate interest on environmental friendly products, said the study.

Innovision Consulting Private Ltd, a leading local research organisation, carried a study on jute diversified products that was assigned by Katalyst, a market development project funded by Swisscontact and GTZ International Services, and Traidcraft, a British development organisation, for the capacity building and market expansion of small and medium enterprises (SMEs).

The research was conducted on 40 institutional buyers selected from several sectors, said Rubaiyath Sarwar, managing director of

Innovision. These sectors included pharmaceuticals, financial institutions, non-government organisations, advertisement and event management firms, educational institutions, real estate companies, tour and travel service operators, hotels, ready-made garment makers, training and human resources development service providers, home furnishing retailers, superstores and fast moving consumer goods companies.

Sarwar, who led the research team, said, "Our assessment suggests that domestic market potential is good for grocery and shopping bags; gift items; seminar, convention and promotional bags; file folders; visiting cards and paper products."

The market potential for grocery bags is high (worth about Tk 12 crore with a potential to expand to Tk 50 crore), shopping bags (Tk 6 crore), gift items (Tk 13 crore with potential to expand to Tk 27 crore), seminar, convention and promotional bags (Tk 2 crore), file folders, visiting cards and paper products (about Tk 55 crore), said the study.

Extrapolation suggests that export and domestic sales of JDPs accounted for Tk 102 crore in 2009 with export accounting for Tk 81 crore or 80 percent of total trade. The sector recorded average growth of 20.4 percent a year over the period 2007-2009.

With more than 60 percent market share, the jute bag is the top selling jute diversified product in the local and global markets. The range of jute bags includes shopping bags, summer/beach bags, fancy bags, merchandise bags, wine bags, purses, pouches, wallets and file covers. Other major products include rubs (12 percent market share), paper and pulp products (8 percent) and decoration and stationary items (6 percent).

Potential institutional buyers include pharmaceuticals, mobile phone and ICT companies, public institutions and NGOs, boutiques and consumer retailers, hospitality and tourism organisations, training and education service providers, advertising and event management, and financial institutions.

They generally buy the jute-diversified products for special occasions, promotional campaigns and internal consumption.

For example, pharmaceuticals and financial institutions generally buy



Folders made out of jute are colourful, attractive and handy. Pharmaceuticals and financial institutions generally buy jute products to give as gifts at seminars and annual general meetings.

JDPs to give as gifts at seminars and annual general meetings.

Mobile phone and ICT companies procure gift bags for special occasions, and prefer to buy jute paper to print invitations and greeting cards.

The boutiques and consumer retailers buy shopping bags, vanity bags, grocery bags and gift products for their customers, whereas the hospitality and tourism sector collects souvenirs, slippers and bags for foreign tourists.

The training and education service providers could use folders, photo covers, training bags made of jute to a great extent.

NGOs and development projects usually buy jute products for regular corporate consumption, like using jute paper to make visiting and invitation cards and seminar bags.

JDPs can be classified into three groups on the basis of what they are made of -- pulp, fibre, and yarn.

Pulp items include paper products like greeting cards, visiting cards, invitation cards, handicrafts, gift items, packaging boxes and bags. Fibre items include fashion accessories, gift items and utilities.

Yarn items include handloom and power-loom fabrics (used for home furnishings, floor coverings, fabrics for bags and apparels), knitted fabrics (for sweaters, warm clothes, upper garments and decorative bags), non woven cloth and handicrafts (for shopping bags, house decoration, tapestry and mats)

Even though the use of jute products is still at early stages, it is expected that a number of organisations would procure JDPs for special occasions and promotional campaigns.

The study said JDP manufacturers also face major difficulties in catering to buyer's needs in terms of consistency in size, shape, dyeing, printing and finishing; flexibility in design, size, shape, dyeing, printing and finishing; on-time delivery; wash and reuse of the items; and finally, competitive pricing.

They study suggests that a Business Facilitation Centre (BFC) should be created for the JDP makers to improve access to buyers. The BFC will be responsible primarily for market promotion and marketing. Currently, the JDP makers depend on national and international trade fairs for market promotion.

JDP manufacturers have to position their products in the minds of the customers as conveniently priced and good quality, handmade products by creating a unique symbol.

This symbol will appear on the price tags that are marketed through bou-

tiques, retail chains and superstores. As a result, it will boost sales and in turn, attract more institutional buyers to purchase JDPs, said the study.

"A big disadvantage of jute-diversified products is that all the products look similar and quickly tend to lose their appeal," said the Innovision study. "So, the JDP manufacturers have to focus on continuous product development, partnering with selected advertising and event management companies and institutional buyers."

In international markets, the buyers act as an agent of change and a source of new designs and products.

In the domestic market, the source of change will be with the advertising and event management companies, brand and marketing departments of institutional buyers, and the designers for retailers.

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# Dampening jute products

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**N**ATIONS across the world are switching to the use of natural fibres to mitigate the fallout from climate change.

Even then, jute diversified product makers, mostly small and medium sized enterprises with annual an average sales revenue of Tk 3 million, point to some problems -- rising production costs, poor implementation of the mandatory packaging law, unavailability of quality raw material, and a delay in supply of jute fabric and cotton -- which are hampering growth of the products.

Ershadul Haque, owner of Prokritee enterprise, said, "Although there is a huge growth potential of jute products, we feel the pinch of dampening demand in the wake of rising production costs."

Haque, who manufactures and sells various kinds of gift items and paper products, said, "The cost of fine jute fabric has increased by around 40 percent a yard and it fluctuates regularly."

So, JDP manufacturers are facing a challenge in meeting buyer requirements at a reasonable price, he added.

Mohammad Mahmud Ali, owner of Peer Less Enterprise, said, "We are facing a shortage of fine fabric because most jute mills are less interested

in supplying quality fabric on time."

"So we are having difficulties in making timely deliveries to buyers," said Ali, who manufactures and sells fabric for items like pen holders, photo frames and folders. "Hence, we sometime have to cancel the orders."

As a result, it discourages international buyers from sourcing jute products from our country, he added.

He urged the government to disallow the export of raw jute as it will ensure a smooth supply of quality fabric to the domestic market.

Serajul Islam, owner of Seds Handicrafts, said, "Although the government has put into place the Mandatory Jute Packaging Act 2010, we do not see its proper implementation."

According to the law, manufacturers have to use packaging materials made of the jute fibre for up to 75 percent of products, such as rice, paddy, wheat, sugar, seeds, fertilisers and saplings.

Islam, who has been with the jute sector for over 10 years now, said if the law is implemented, demand for jute products will rise significantly.

He urged the government to improve the quality and productivity of jute at grassroots level by providing high yielding seeds and training facilities.

The JDP manufacturers also urged the corporate houses to offer reasonable price for jute

PRICE RANGE FOR JUTE DIVERSIFIED PRODUCTS		
Category	Products	Taka per unit
Bags	Shopping bags	50-300
	Fancy bags	150-600
	Purse/pouch	20-130
	Laptop bag	1400
	Wine bag	50-70
Rugs	Sataranji	200-2,500
	Mat (floor mat, table mat, place mat, runner)	160-700
Decoration and Gift items	Shika	12-40
	Toys	30-500
	Tissue box	300-350
Paper	Wall hanging	100-500
	Paper sheet	4,000 per packet of sheets
Home furnishing	Cushion, Curtain	700-1,500
Shoes, Slippers	Slippers/ shoes	50-350

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based products because it will enhance their corporate image as a green organisation.

They alleged that corporate houses in the country give a very short time to supply products. "So we face difficulties in maintaining product quality because these are hand-made," said Haque.

Industry insiders said a lack of coordination between Jute Research Institute and Jute Mills

Corporation is hampering development of the sector as these institutes are run by different ministries.

But, they are hopeful that jute will revive its lost glory of being the 'golden fibre' in the near future as the government is sincere enough to the develop the jute sector.

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