

Status and Potential of Jute Industry in Rajshahi Division

Md. Ashrafuzzaman*

Md. Atiqul Islam**

Abstract

This study explores the status of jute and jute goods production in Rajshahi Division. Using secondary data, simple descriptive statistics is used for the analysis. It was found that jute production covered around 1.1 lac hectare area in Rajshahi Division in 2017. It is the third-largest jute growing division in Bangladesh. In terms of yield rate and total production, it is ranked as second and third position respectively. However, it is found that only a few jute mills are situated in this division. Although around 16 percent of total raw jute is produced here, only 0.05 percent of the country's jute mill is situated here. Infrastructural facilities, labour availability, and climatic environment are very much conducive here for the jute industry. The jute industry in the Rajshahi division could be a potential sector to create employment, driving force for growth, and source of foreign currency for the economy.

JEL Classification L70 · L52 · L17 · O13 · O25 · Q15 · Q25 · Q57

Keywords Raw Jute · Jute Goods · Jute Industry

1. Introduction

Bangladesh is famous for producing the best quality of jute. She produces about 80% of the gross production of jute in the world. In Bangladesh, almost every district is suitable for jute cultivation. It is cultivated as a cash crop. Jute fibres are used for

* Postgraduate Student, Department of Economics, University of Rajshahi, Rajshahi. E-mail: asraful.ru.eco@gmail.com

** Associate Professor, Department of Economics, University of Rajshahi, Rajshahi. E-mail: atiqru@ru.ac.bd

making Hessians, sacks, bags, wall mats, carpets. Growing international demand for diversified jute products has prompted Bangladeshi jute manufacturers and exporters to develop value-added jute products like jute gunny bag or sack bags, jute yarn and twine, handicrafts, shopping bags, beach bags, sports and travel bags, wine bags, and other jute textiles. The primary exporting jute goods are Hessian, Sacking, Carpet Backing Cloth, and others. Export of raw jute and jute goods were 8.25 lac bale and 7.30 lac metric ton in FY 2018-19. Bangladesh receipts a large amount of foreign currency by exporting raw jute and jute goods. In FY 2018-19, export earnings receipt US\$ 816.27 million from exporting raw jute and jute goods (EPB, 2019). Overall, the contribution of raw jute and jute goods in the GDP was 0.42 % and 2.37 %, respectively, in FY 2017-18.

2. Literature Review

Some studies on Jute production and the present status of the jute sector have been researched several times by different researchers. Some are discussed below regarding jute cultivation, problems of jute cultivation, modern cultivation of jute and farmers' attitudes towards jute cultivation, and the present status of jute mills.

Islam and Ali (2018) analysed the jute production and current status of jute mills in Bangladesh. From their study, the results imply that the total labour force in agriculture was 32 million in 2011, of which 4 million farmers were engaged in jute cultivation. There were 219 jute mills in Bangladesh. Among them, 86 were under BJSA, 106 were under BJMA, 88 were running, and 27 were under BJMC. There were approximately 1,65,501 workers employed in the jute mills of Bangladesh. BJSA mills, BJMA mills, and BJMC mills were 422,000, 160,000 and 172,923 MT of jute products.

Islam and Ali (2017) emphasised the economic importance of jute in Bangladesh. According to their analysis, the status of jute as a cash crop of Bangladesh was not satisfactory. They found that millions of people of Bangladesh depend on all affairs of jute crop. They stated some reasons or problems such as lack of proper government policy on jute, lack of production of jute, random closures of jute mills, failure to modernise the cultivation system and manufacturing units, mismanagement and malpractice, fall of demand of jute in the world market, use of the alternative source to jute.

Islam (2015) points out the present status and constraint of jute cultivation in Bangladesh. He collected data through a structured interview schedule from 803 jute farmers sampled conveniently. Islam used descriptive statistics like frequency distribution, mean and standard deviation to analyse the socio-economic status of the jute growers, whereas factor analysis was performed by the principal component analysis (PCA). Understudy, he identified three categories of

constraints that hinder sustainable jute production. These were the lack of capital and inputs, knowledge and natural resources, and market information. Lack of jute diversification knowledge was the unique findings of his study.

Shakil et al. (2013) analysed the production of a jute mill in Bangladesh. The study aimed to identify which factors determine jute mills' production and help get the desired production rate. They used a flow chart process to get results in production. They also identified several factors behind the production unit of the jute mill, which was intrinsically and extrinsically related to the productivity of yarn. The result shows that more than six production units were producing 215 MT yarn per day.

Islam (2007) points out the modern cultivation of jute and farmers' attitudes towards jute cultivation in Bangladesh. The research was done by collecting primary data. Statistical methods like the Coefficient of correlation (r) were used to explore the relationships between jute growers' attitudes and selected characteristics. The estimated result obtained from the study reveals that about 72 percent of jute farmers had favourable to moderately favourable attitudes towards modern jute cultivation. The Attitude of the jute growers was ascertained through a 5 point like art type scale. The literacy rate was higher than the national average, giving a positive attitude towards innovative agricultural technologies and demonstrating and motivating farmers to adopt appropriate technologies.

Hussain et al. (2002) found out the problems and solutions of jute cultivation faced by the farmers in Bangladesh. The study was conducted based on primary data. The study was based on the 12 selected problems of jute farmers. The study identified some problems such as low market price and low demand of jute growers as significant problems. The study reveals the third problem as inadequate knowledge of the farmers in grading jute fibre and the fourth problem as there are no price incentives for quality fibre at the primary market. The study also reflects the periods of jute cultivation and the price of HYV jute seed which became a high price and goes beyond the purchasing capacity of small farmers.

The above study highlights the jute cultivation and status of the jute industry in Bangladesh. Among those studies, some are about jute cultivation, constraint or problems of jute cultivation, the status of jute mills, problems of the jute sector in Bangladesh. Some study was done on districts based performances of jute cultivation, problems that farmers faced by jute cultivation, and the economic importance of the jute sector. To the best of our knowledge, a separate study considering division-wise production performance of jute cultivation in Bangladesh is missing. Moreover, none of the studies was performed to highlight the production and potential of the jute industry in the Rajshahi division.

Therefore, this study explores the present status of raw jute and jute industries in the Rajshahi division.

3. Objectives

This study aims to analyse the status and potentials of jute industries in the Rajshahi division. To achieve this objective, the specific objectives are identified as:

1. To analyse the present status of jute production in the Rajshahi division;
2. To explore the status of jute mills in the Rajshahi division; and
3. To identify the prospects or potential of the jute industry in the Rajshahi division.

4. Methodology

Literature review type methodology is used here to achieve the objectives. Different secondary materials were reviewed thoroughly, and the data found there are used here for the analysis. These secondary materials are journals, books, newspapers, magazines, published articles, and documents of different public and private institutions. Apart from those, the statistics from different national and international organisations are used here. Those data specify the present situation of raw jute and jute goods production in the Rajshahi and other Bangladesh divisions. In this case, descriptive statistics like average and percentage were used to conclude based on those secondary sources.

5. Finding and Discussions

The status of jute industries of the Rajshahi division in Bangladesh is analysed here. However, the production situation in the fiscal year 2017-18 in Bangladesh and different divisions is discussed first. The situation of raw jute production in the Rajshahi division, among other divisions, is analysed here. Then, the situation of jute production in the Rajshahi division in recent years (last five years from 2012-13 to 2016-17) is analysed. The number of jute mills and employment creation by those in Rajshahi divisions is analysed in the following sub-section. At last, the potential of jute industries in the Rajshahi division is identified.

5.1 Jute Production in Bangladesh

Jute is cultivated almost all over Bangladesh. Every division is suitable for jute cultivation. However, it grows more in the plain lands of our country. However, the product distribution is not the same for all the divisions of our country. The jute cultivation in terms of area, quantity, and yield in eight divisions in FY 2017-18 is shown in Table 1.

It is noticed from the table that in terms of area-wise production, the Dhaka division is the highest producer, and the Sylhet division is the lowest producer of

Table 1: Area, quantity, and yield of production of jute of eight divisions in FY 2017-18

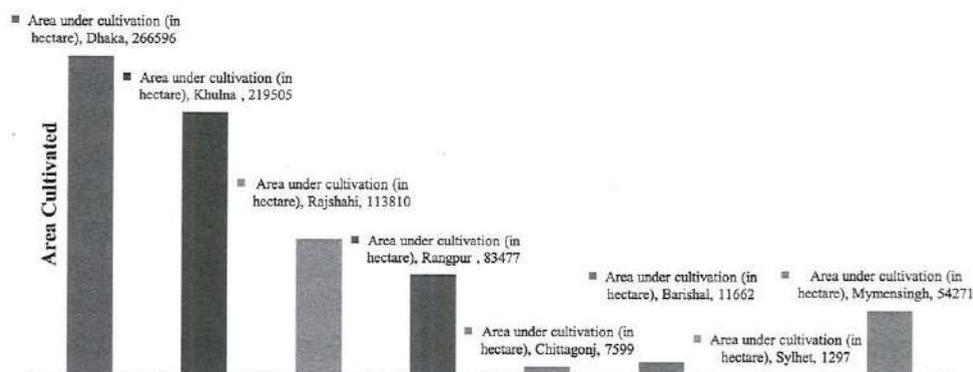
Division	Area under cultivation		Yield per hectares In bales	Total Production	
	In hectare	%		In billion bales	%
Dhaka	266596	35.16	10.8	289.1	32.52
Khulna	219505	28.95	12.6	275.7	31.01
Rajshahi	113810	15.01	12.4	141.6	15.93
Rangpur	83477	11.00	12.2	102.2	11.50
Mymensingh	54271	7.16	11.1	60.7	6.83
Barishal	11662	1.54	9.2	10.7	1.20
Chattogram	7599	1.00	10.5	8	0.90
Sylhet	1297	0.18	7.8	1	0.11
Bangladesh	758218	100	11.7	889	100

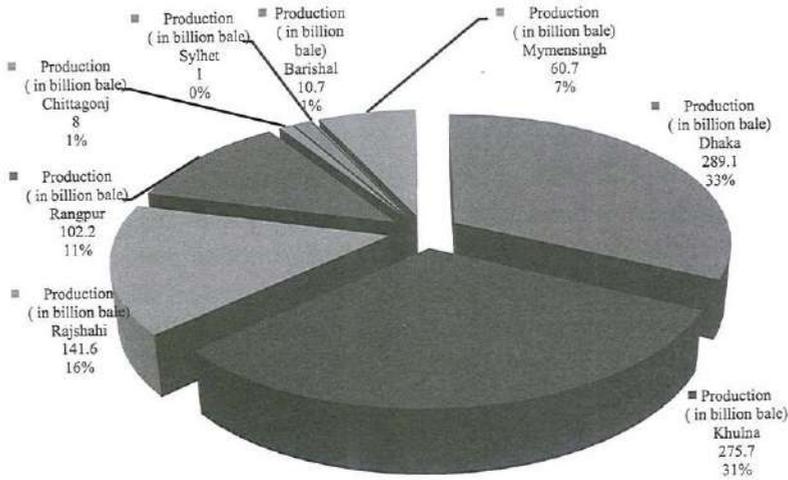
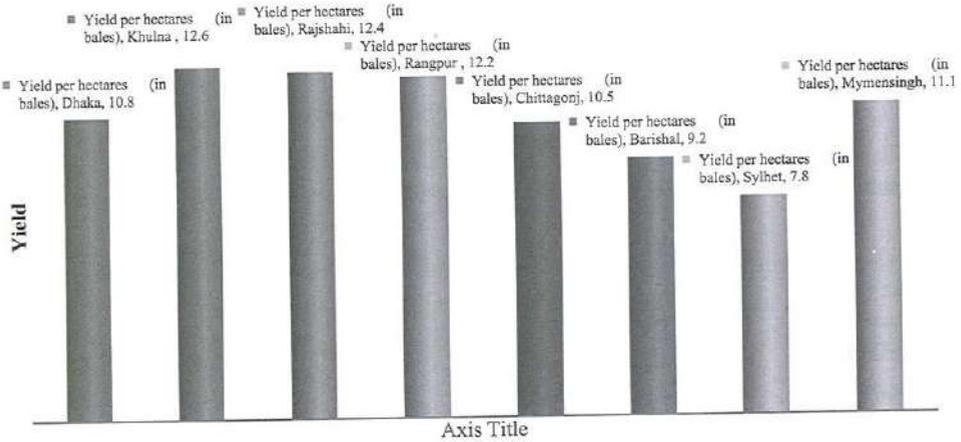
Source: BBS, 2018

jute. In this respect, around 15% of the total area producing jute in Bangladesh comes under the Rajshahi division. Similarly, around 16% of the total jute produced in Bangladesh is produced here.

The situation is more clearly understandable in Figure 1 also. Rajshahi division is the third largest jute producing division in Bangladesh. Moreover, the

Figure 1: Area, Yield, and Quantity of Production of Jute in 2017-18





Note: Area cultivated is in a hectare, yield is in bales per hectare, and quantity produced is in the percentage of total production in Bangladesh;
Source: Author's compilation

yield rate is relatively high here compared to other divisions. It is 12.4 bales per hectare, which is even higher than the country's average of 11.7 bales per hectare. Khulna is the only division with a higher yield rate than Rajshahi, 12.6 bales per hectare.

5.2 Jute Production in Rajshahi Division

In Rajshahi Division, jute is produced in almost all the districts, more or less. The jute production situation in recent years in the Rajshahi division is shown in Table 2. For that purpose, five years from 2012-13 to 2016-17 is used here for the analysis.

To have more understanding of the situation is also shown in Figure 2. It is found that although the area cultivated in different years differs slightly, it is near about 1.05 lac hectares every year. Therefore, area-wise production is relatively

Table 2: Area, quantity, and yield of production of jute in Rajshahi Division

Fiscal Year	Area cultivated (in hectares)	Yield per hectares (in Bales)	Production (in billion bales)
2012-13	107117	11.9	128.2
2013-14	104360	12.1	126.3
2014-15	106335	11.9	127.4
2015-16	102077	12.0	123.4
2016-17	107650	12.1	130.2

Source: BBS, 2018

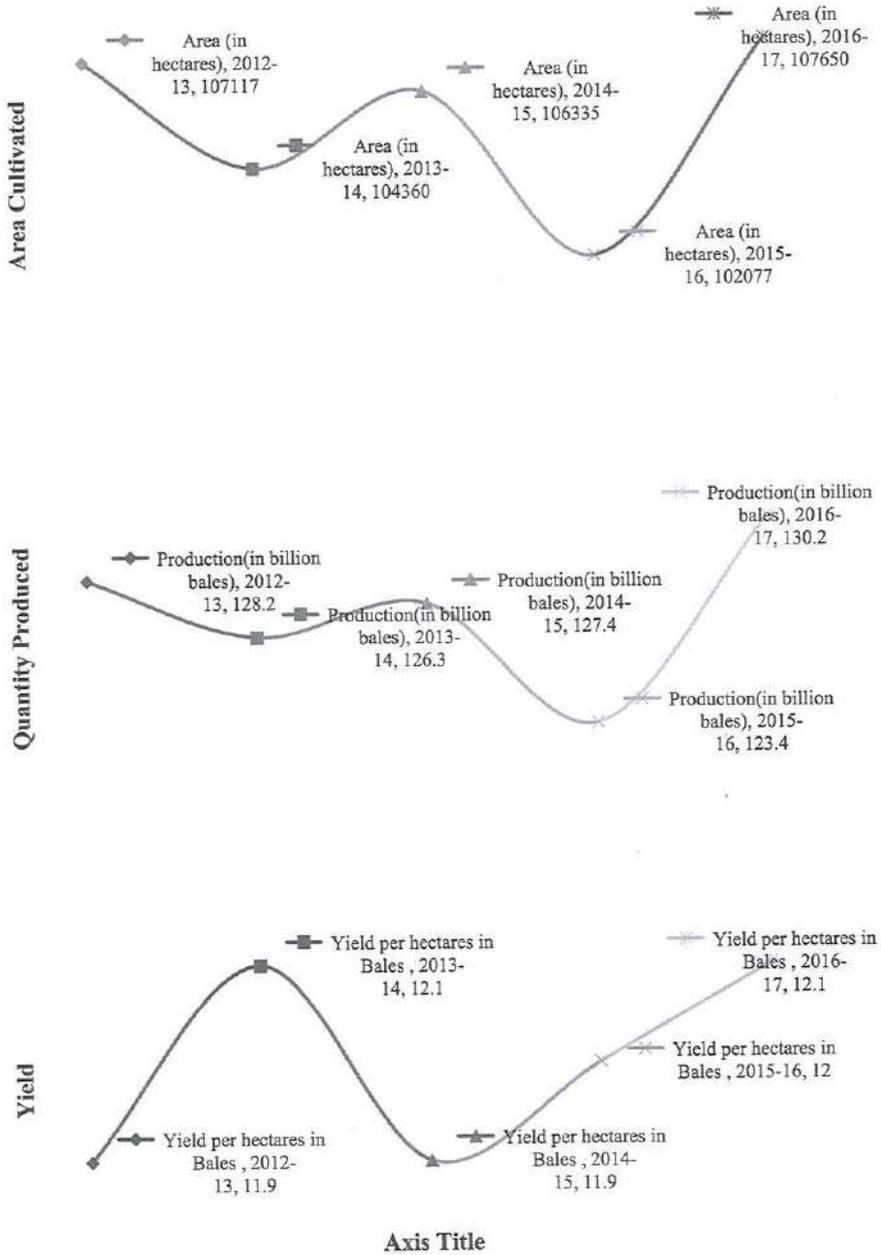
stable here. Quantity of production and the yield rate also does not show considerable discrepancies in these years. Whatever the slight fluctuation is, there can be explained as weather variability, which is quite natural for agricultural output. However, by inspecting, we may say that jute produces around 127 billion bales in the Rajshahi division every year. Moreover, the yield rate is around 12 bales per hectare here. Overall, whether it is the area of cultivation, total production, or yield rate, the jute production in the Rajshahi division is relatively stable.

5.3 Jute Mills in Rajshahi Division

According to the jute department, the production of total jute goods was 9.38 lac MT in FY 2018-19. Around 78% of this are exported, and export earnings from jute goods were Tk. 5220.85 core. Both government and private-owned jute mills are producing these goods here. Bangladesh Jute Mills Corporation (BJMC) is a governmental organisation that controls state-owned jute mills. On the other hand, Bangladesh Jute Spinners Association (BJSa) is another organisation that controls jute mills in the private sector. The total number of operating jute mills in Bangladesh is shown in Table 3 below.

From Table 3, it is noticed that in Bangladesh, we have 113 jute mills, among which 25 are state-owned, and 88 are in the private sector. In Rajshahi Division, there are only 6 mills, among which 1 is government and five others are privately owned. Overall, only 5% of the country's total jute mills are situated here. Compared with the other division, it is found that the Rajshahi division has the lowest number of jute mills in Bangladesh. Moreover, the Rajshahi division produces around 16% of raw jute, whereas only 6% of the country's jute mills are

Figure 2: Area, Quantity, and Yield of Jute Production in Rajshahi Division



Note: Area cultivated is in a hectare, yield is in bales per hectare, and quantity produced is in the percentage of total production in Bangladesh;

Source: Author's compilation

Table 3: Number of Jute Mills in Bangladesh

Division	Government		Private		Total	
	Number	%	Number	%	Number	%
Dhaka	5	20	22	25	27	24
Khulna	9	36	55	62.5	64	57
Rajshahi	1	4	5	5.68	6	5
Chattogram	10	40	6	6.81	16	14
Total	25	100	88	100	113	100

Source: Researchers' compilation using the data from BJMC and BJSA

here. Although we did not consider the production capacity, considering only the raw jute production and the number of mills situated here, we may conclude that more jute mills can be set up here in the Rajshahi division.

The jute industry is a labour-intensive industry. It requires many workers in the jute mills to produce jute goods. Moreover, less skilled labour can easily be absorbed in this industry as not too much-sophisticated technology is used here. Thus jute industry can create employment opportunities for unemployed workers. The total number of labour employed in different jute mills in the Rajshahi division and the rest of the divisions in Bangladesh are shown in Table 4 below.

The above table shows that 1 lac 94 thousand workers are employed in different jute mills in Bangladesh. However, only 7,800 workers are employed in 6 jute mills in the Rajshahi division, with only 4.02% of total workers employed

Table 4: Number of Employment in Jute Mills

Division	Workers Employed		Number of Jute Mills (b)	Workers per Jute Mill (Average=a/b)
	Number (a)	%		
Rajshahi	7,800	4.02	6	1300
Others	1,86,200	95.98	107	1740
Bangladesh	1,94,000	100	113	1716

Source: Researchers' compilation using the data from BJMC and BJSA

in this industry. The rest of the workers are employed in other divisions that is 95.98% of total workers. As the number of jute mills is few here (only 6), fewer workers should be here. It is pretty reasonable. However, when we see this as part of the holistic picture, it is understood that, although raw jute produced in the Rajshahi division is around 16% of total Bangladesh, only 5% of jute mills are here, only 4% of total employment is engaged. Moreover, the average number of workers per jute mill is 13 hundred, which is relatively low compared to the country's or other division's average (more than 17 hundred). Although we did not

consider mills' production capacity, we may conclude that new jute mills have scopes and more employment creation opportunities in the Rajshahi division.

5.4 Potentiality of Jute Industry in Rajshahi division

- **Surplus Raw Jute:** From the above findings, we can say that jute produced in the Rajshahi division has a surplus in processing done by present jute mills. Therefore, we have a great deal of scope to establish new jute mills. Jute mills would not worry about their raw material and need not look for it to other divisions.
- **Adequate Infrastructural Facilities:** To attract industries to set up somewhere, infrastructural facilities are a prerequisite. In this respect, the Rajshahi division is in a good position. A jute mill can be established in any district in the division as all facilities are pretty adequate here. Moreover, Ishwardi Export Processing Zone (EPZ) is situated in this division with all necessary facilities, established in 2001, quite a long time ago. The government is setting up two new economic zones (EZ) in Rajshahi and Natore. Therefore, infrastructural facilities are reasonably well to set up new jute mills here in the Rajshahi division.
- **Availability of Labor:** According to the labour force survey 2015-16, in Rajshahi division unemployment rate is around 3% (BBS, 2017). From this, it can be derived that around 2.8 lac unemployed labour is available in this division. Moreover, the wage rate is also low compared to other divisions because of the socio-economic condition here. Therefore, this division could be a proper place to set up new jute mills from labour availability and cost perspective.

6. Conclusion

The study highlights the status of the Rajshahi division in the case of raw jute and jute goods production. The study reveals that the Rajshahi division ranked third position in the case of areas under cultivation. In FY 2017-18, 1 lac 14 hectares of land were used for jute cultivation. The position of the Rajshahi division is second in the case of yield, and its yield rate was 12.4 bales per hectares. Rajshahi division ranked third position in the case of jute production. It produces 16% of the total jute production of Bangladesh. However, there are only six jute mills in the Rajshahi division, including one government and five private mills, which is relatively less than other divisions. Surplus raw jute, infrastructural facility, and labour availability provide a conducive environment for establishing new jute mills in the Rajshahi division. It may improve employment opportunities in the region and contribute to the export earnings for the country.

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