

Marketing of Raw Jute in Bangladesh: A Review

Md. Mahbubul Islam, S.M. Moniruzzaman

*Chief Scientific Officer & Head, Agronomy Division, Bangladesh Jute Research Institute,
Manik Mia Avenue, Dhaka-1207, Bangladesh.*

Abstract : *The study was based on both primary and secondary data. The secondary data were accumulated from different records of Department of Agricultural Marketing (DAM) and Bangladesh Jute Association (BJA). The study uses both analytical and descriptive techniques. Five marketing channels are: Farmer→ Faria→ Kutcha baler→ Pucca baler/exporter→ Mill/foreign buyer, Farmer→ Bepari→ kutcha baler→ pucca baler/exporter→ Mill/foreign buyer, Farmer→ kutcha baler→ pucca baler/exporter→ mill/foreign buyer, Farmer→ Faria→ pucca baler/exporter→ Mill/foreign buyer and Farmer→ Bepari→ Mill/pucca baler→ Foreign buyer were identified. A large number of people were involved in the marketing of raw jute. At best it can be said that the present marketing system is not inefficient. Proper and adequate steps to develop this sector are required to making the business more profitable to the entrepreneurs. There is a great possibility to expand the jute marketing all over the country. Irregular marketing practices should be checked and better marketing facilities ought to be provided in order to improve the performance of jute market.*

Keywords: *Raw jute, jute marketing, marketing channels*

I. Introduction

Jute the 'Golden fibre' of Bangladesh has been considered as the major source of foreign exchange earnings of the country. It provides livelihood for the millions of farmers and industrial workers in the country. Cultivation of jute in the country has been drastically reduced from 25.42 lakh acres of land with production of 13.44 lakh tonnes jute fibre and 30.91 lakh tonnes of jute sticks in 1969-70 to 9.6 lakh acres of land with production of 10.35 lakh tonnes jute fibre and 16.72 tonnes jute stick in the year 2004-05 [1]. On average, jute was cultivated between 10.00 to 11.85 lakh acres producing almost 53 to 57.5 lakh bales of raw jute in the country. The export market tried to sustain a steady trend showing positive and promising signal for jute. Jute sector could contribute to creation of huge employment opportunities, wide scale income generation and poverty alleviation, and ultimately higher contribution to GDP [2 and 3]. In 2004-05, the total production of jute was 1035 thousand tonnes and the cultivation area was 965 thousand acres. The total export earnings from jute and jute goods were 3019 crore taka in 2005-06 which was 4.82 percent of the total export earnings [1]. The highest percentage of fibre (93%) was bought by Aratdar from farmers followed by Faria/Bapari [4].

Cultivation and marketing of jute as well as the manufacturing of jute goods provide employment for lakhs of people. Bangladesh government earns revenue both from raw jute and jute goods. The welfare of the rural people which depends directly on agriculture is intimately bound up with the production and trade of jute. Import of various goods and services is a prime necessity for the economic development of Bangladesh. All the imports depend on the quantity and value of exportable surplus to which jute is the main contributor. In fact, jute is foreign trade and the financial barometer of the country [5]. Firms and traders involved in jute trading may utilize the information of this study in formulating their marketing plans judiciously. The findings of this survey would help them ascertain their economic status in the business. Jute is equally important both as agricultural product and industrial raw material in the economy. In spite of great importance of jute as a commercial crop, research studies on jute marketing in Bangladesh remains scanty.

The study on marketing costs and margins is useful for all persons involved in performing marketing functions. It has a great significance because referring to the marketing cost and margin one can judge whether or not the services of the intermediaries are provided at reasonable costs. The cost incurred to move the product from

producers to consumers is ordinarily known as marketing cost. In other words, the cost of marketing represents the cost of performing various marketing functions [6]. Marketing costs are incurred when commodities move from the farm to the final market, whether they are moved by farmers, traders, cooperatives, marketing boards and exporters. On the basis of collected data, marketing cost and marketing margin have been computed and discussed. The variations were observed among the intermediaries and study areas for cost and price of jute fibre. In that investigation the authors reported more, jute farmers reportedly did not received fair price of jute fibre as per quintal due to grade fixation by the buyers and they faced a number of problems [4].

Prices observed through time are the result of a complex mixture of changes associated with seasonal, cyclical, trend and irregular factors. The most common in agricultural prices is seasonal pattern of change. Seasonal price behavior is regularly repeating price pattern that is completed once in every twelve months. Such a regular pattern might arise from seasonality in demand and supply; and in marketing or a combination of both. Most agricultural products are characterized by some seasonality in production arises from climatic factors and the biological growth of the plants [6, 3].

The measurement of seasonal price variation is required to measure the short time fluctuation in the time series data. Because, seasonal variations are short time fluctuation that occur within a year, which are present in the data recorded on daily, weekly, monthly or quarterly basis. It is usually seen in business and economic data. Their measurements are necessary to isolate them to determine the effect of seasons on the size of variable. It helps a business or sales manager or farmer for planning future production and scheduling purchase, inventory control, selling and advertising programmes. In the absence of any knowledge of seasonal variations, a seasonal upswing may be mistaken as indicator of slump may be misinterpreted as deteriorating business conditions. Thus to understand the behavior of the phenomenon in time series properly, the time series data must be adjusted for seasonal variation. The seasonal variation in prices arises from the seasonal production, poor storage facilities and lack of retention power of the producers. Firms and traders involved in jute trading may utilize the results of this study in formulating their marketing plans judiciously.

In recent years, the use of synthetic fibre products, because of their preferential price over jute goods, dominated jute goods and had adverse affects on jute market. At present jute cultivation is facing many problems. As a result, the future of the golden fibre has become uncertain. These problems are (i) the cost of cultivation of jute is higher than paddy (ii) the financial condition of the farmers is not good enough to procure agricultural inputs like seeds, fertilizer and insecticides and (iii) due to shortage of water, in some areas retting can not be done in a proper way. Firms and traders involved in jute trading may utilize the results of this study in formulating their marketing plans judiciously. Therefore, considering the importance of jute and jute goods in the context of Bangladesh economy the present review was undertaken to analyze the existing marketing system of raw jute in important growing areas, to estimate the marketing costs and margins of intermediaries and to assess the seasonal price variation and the problems faced by the growers and different intermediaries of raw jute market.

II. Materials and Methods

The review study was worked to examine the seasonal price variations in different raw jute markets and problems faced by the growers and traders in terms of production and marketing of raw jute. The experiment was conducted at some selected areas of Faridpur and Narayangonj district of Bangladesh during March to April, 2012. The study was based on secondary data. Fourteen jute farmers, 15 *Farias*, 10 *Beparis*, 12 *Aratders*, 7 *Kutch* balers, 6 *Pucca* balers and 6 exporters were selected from Kanaipur bazaar, Talma bazaar, Krisnapur bazaar, and Narayangonj terminal market. The secondary data were accumulated from different records of Department of Agricultural Marketing (DAM) and Bangladesh Jute Association (BJA). The study uses both analytical and descriptive techniques.

III. Results and Discussions

Marketing channels, participant's characteristics and functions of intermediaries of raw jute marketing from farmer to foreign buyer: The survey reveals marketing channels or routes in the study area through which raw jute moved from the point of initial production to milling or exporting. Bulk of the output enters into the markets. The jute farmers sell their produce at their homes or in the nearest village markets to the *Farias* and *Beparis*. *Farias* purchase loose jute in small quantities from farmers and other small dealers who may not possess any license. They sell unsorted jute to the *Beparis* who usually handle a large volume. The *Beparis* sold loose jute to the *Kutch* balers, *Pucca* balers and to the mills. *Kutch* balers purchased loose jute from farmers, *Farias* and *Beparis* and processed it into *Kutch* bales. They mainly operate in the secondary markets. The

processed jute is sold to the *Pucca* balers or exporters and jute mills through Dalals/brokers. *Aratdars* are the biggest traders in the marketing channel but are limited number. The *Aratdars* are commission agents having fixed establishment who operated between traders of jute on the one hand and balers and mills on the other hand, they charge a fixed commission. *Pucca* balers buy jute in loose form from *Faria* and also in the form of *Kutch*a bales from *Kutch*a balers. They also procured loose jute from *Beparis* with the help of *Aratdars*. They sold to the exporters and millers with the help of Dalals. Exporters operate in the terminal market and procure loose jute from dealers of jute and baled jute from *Kutch*a balers and *Pucca* balers. They sell baled jute to the mills through Dalals, while selling *Pucca* bales to the foreign buyers. Mills procured loose jute from *Beparis* with the help of *Aratdars*. They also bought baled jute from *Kutch*a balers and *Pucca* balers through Dalals. Foreign buyers purchased *Pucca* bales of jute from exporters and purchased processed jute from mills with the help of international brokers. A large number of functionaries also participate in the marketing system such as traders of jute (*Faria*, *Beparis*), balers (*Kutch*a balers, *Pucca* balers), millers and exporters. In raw jute's journey from farmyards till it reaches the mills or foreign buyers, a number of important channels were identified (Figure 1).

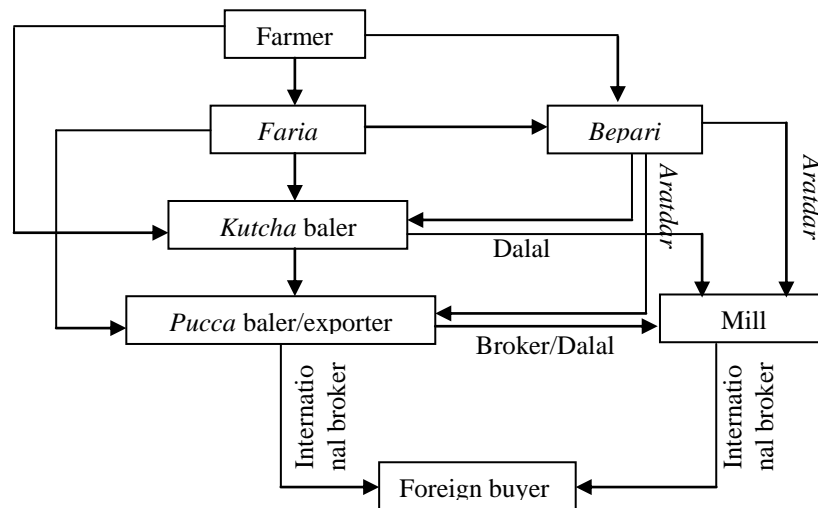


Fig: 1 Marketing channels of raw jute (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

- Channel-I: Farmer → *Faria* → *Kutch*a baler → *Pucca* baler/ exporter
Broker/Dalal/ international broker → Mill/foreign buyer
- Channel-II: Farmer → *Faria* → *Bepari* → *Kutch*a baler → *Pucca* baler/exporter
Broker/Dalal/ international broker → Mill/foreign buyer
- Channel-III: Farmer → *Kutch*a baler → *Pucca* baler/exporter
Broker/Dalal/ international broker → Mill/ foreign buyer
- Channel-IV: Farmer → *Faria* → *Pucca* baler/ exporter
Broker/Dalal/ international broker → Mill/foreign buyer
- Channel-V: Farmer → *Bepari* → *Aratdar* → Mill/*Pucca* baler → International broker → Foreign buyer

The *Farias* purchased their entire volume of jute from farmers. The *Beparis* on the other hand purchased 77.25 percent of jute from farmers and the rest 22.75 percent from *Farias*. *Kutchas* balers purchased 9.05 percent of jute from farmers, 18.32 percent from *Farias*, 60.46 percent from *Beparis* and 12.17 percent from other *Kutchas* balers. The *Pucca* balers who were also exporters purchased most of their jute (76.94 percent) from *Beparis*. They also purchased 5.46 percent, 12.33 percent and 5.27 percent of their jute from *Farias*, *Kutchas* balers and *Pucca* balers respectively. The millers purchased 24.12 percent jute from *Beparis* through *Aratdars*, 34.69 percent and 41.19 percent from *Kutchas* balers and *Pucca* balers respectively. Foreign buyers purchased baled jute and jute goods from mills and *Pucca* balers with the help of international brokers (Table 1).

Table 1. Purchasing of jute by different intermediaries (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Intermediaries	Purchased from (%)						
	Farmer	<i>Faria</i>	<i>Bepari</i>	<i>Kutchas</i> baler	<i>Pucca</i> baler	Exporters	Mills
<i>Faria</i>	100.00	-	-	-	-	-	-
<i>Bepari</i>	77.25	22.75	-	-	-	-	-
<i>Kutchas</i> baler	9.05	18.32	60.46	12.17	-	-	-
<i>Pucca</i> baler/Exporter	-	5.46	76.94	12.33	5.27	-	-
Mills	-	-	24.12	34.69	41.19	-	-
Foreign buyer	-	-	-	-	29.97	52.32	17.71

The farmers sold 58.40 percent, 29.74 percent and 10.16 percent of their jute to the *Farias*, *Beparis* and *Kutchas* balers respectively. The table also shows that *Farias* under survey sold their jute 36.23 percent, 47.55 percent and 16.22 percent of jute *Beparis*, *Kutchas* balers and *Pucca* balers, respectively (Table 2). The *Beparis* sold their jute 42.72 percent and 34.63 percent of their jute to the *Kutchas* baler and *Pucca* balers respectively. They also sold 22.65 percent of their jute to the mill through *Aratdar*. The *Kutchas* balers sold 58.59 percent of their jute to the *Pucca* balers and 29.78 percent to the mills. They also sold 9.07 percent to the exporter. The *Pucca* balers who were also exporters sold a major portion of their jute to the foreign buyers (39.83 percent). They also sold 23.52 percent to the exporters and 35.12 percent to the mills. Jute mills sold their processed jute to the foreign buyers (Table 2).

Table 2. Selling of jute by different intermediaries (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Farmer and Intermediaries	Sold to (%)						
	<i>Faria</i>	<i>Bepari</i>	<i>Kutchas</i> baler	<i>Pucca</i> baler	Exporters	Mills	Foreign buyers
Farmers	58.40	29.74	10.16	-	-	-	-
<i>Farias</i>	--	36.23	47.55	16.22	-	-	-
<i>Beparis</i>	-	-	42.72	34.63	-	22.65	-
<i>Kutchas</i> baler	-	-	2.56	58.59	9.07	29.78	-
<i>Pucca</i> baler/Exporter	-	-	-	1.53	23.52	35.12	39.83
Mills	-	-	-	-	-	-	91.48

Table 3. Modes of transportation used by farmers and jute traders(Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Mode of Transportation	Farmers and Traders				
	Farmers (%)	<i>Farias</i> (%)	<i>Beparis</i> (%)	<i>Kutch</i> baler (%)	<i>Pucca</i> balers (%)
Head load	85.72	-	-	-	-
Carts/push carts	35.71	20	40	20	-
Rickshaw/van	28.57	70	40	-	10
Boats/mechanical boats	42.86	90	80	100	100
Truck	-	20	40	30	30
Rail	-	-	10	30	40
Vessel	-	-	-	-	20

Storage plays a crucial role in maintaining the quality of fibre. Average storage period for farmers was 2.5 months and traders were 3.5 months. Most producer (85.72 percent) carried jute, 35.71 percent used carts/push carts, 28.57 percent used rickshaw/van and 42.86 percent used boats by head loaded. In the study areas, 90 percent *Farias* used boats/ mechanical boats, 70 percent used van/rickshaw and 20 percent used carts and truck to transfer their products. On an average, 80 percent *Beparis* used boats/ mechanical boats, 40 percent used carts/push carts van/rickshaw and truck to transfer their products while 10 percent *Beparis* used rail to transfer their products. All the *Kutch* balers and *pucca* balers used boats/ mechanical boats while 30 percent and 20 percent used Truck, rail and carts/push carts to transfer their products respectively. Forty percent of *Pucca* balers used rail, 30% of them used truck, 20% used vessel and 10% used van/rickshaws (Table 3).

The farmers were self-financed. Own money constituted about 81.27 percent of the investment in jute trade for *Farias* and 7.30 percent, 3.55 percent and 7.88 percent invested money provide by friends and relatives, banks and *Aratdars* respectively (Table 4). Own money and borrowed money of the *Beparis* were about 62.94 percent and 37.06 percent, respectively. Out of the borrowed money the *Beparis* received 11.65 percent from friends and relatives, 16.37 percent from bank and rest of the money from *Aratdars*. The table 4 also shows that for the *Kutch* balers 45 percent of investment came from their own money, 3.82 percent came from friends and relatives and 51.18 percent was borrowed from commercial banks. In the case of *Pucca* balers or exporters about 83.29 percent of the business money was borrowed from bank (BRAC bank, Sonali bank) and rest of the investment was self financed. BRAC bank provided interest rate 13 percent and Sonali bank provides interest rate 15 percent. The duration of loan was one year (Table 4).

Table 4. Sources of finance of jute producers and traders (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Farmers and traders	Sources			
	Own (%)	Friends and relatives (%)	Banks (%)	<i>Aratdars</i> (%)
Farmers	94.72	5.28	-	-
<i>Farias</i>	81.27	7.30	3.55	7.88
<i>Beparis</i>	62.94	11.65	15.37	10.04
<i>Kutch</i> balers	45.0	3.82	51.18	-
<i>Pucca</i> balers/exporters	16.71	-	83.29	-

The farmers got their market information through market visit and personal observation (43 percent). Other sources of market information for farmers were fellow traders (36 percent) and telephone/ mobile (57 percent). All *Farias*, 70 percent *Beparis*, 90 percent *Kutch* balers and 80 percent *Pucca* balers/exporters stated that visit to markets and personal observation were the sources of their market information. Sixty percent *Farias*, 65 percent *Beparis*, 70 percent *Kutch* balers and 40 percent *Pucca* balers/exporters also reported that they received information about jute market from their fellow traders respectively. Eighty five percent *Farias* and all *Beparis*,

*Kutch*a balers and *Pucca* balers/exporters got market information with the help of telephone or mobile. All *Pucca* balers/exporters and 30 percent *Kutch*a balers got market information from BJA/BJEA marketing reports (Table 5).

Table 5. Sources of market information (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Farmers and traders	Sources			
	Visit to market and personal observation (%)	Fellow trader (%)	Telephone/ Mobile	BJA and BJEA marketing report
Farmers	43	36	57	-
<i>Farias</i>	100	60	85	-
<i>Beparis</i>	70	65	100	-
<i>Kutch</i> a balers	90	70	100	30
<i>Pucca</i> balers / exporters	80	40	100	100

Only a small amount of jute was retained on the form for domestic and cottage industry purposes, e.g. making rope, mats etc. The rest enters into a circuitous marketing channel and eventually reaches the end users i.e. the jute mills of home and abroad. In the marketing process the raw jute moves through different levels of markets such as primary, secondary and terminal. In the study areas apart from farmer-sellers, different categories of intermediaries participated in the marketing system of raw jute. The market participants included *Farias*, *Beparis*, *Aratdars*, *Kutch*a balers, *Pucca* balers, exporters, millers, dalals, international brokers and foreign buyers. The jute producers were the primary link in the raw jute-marketing channel. Raw jute marketing channels started from the jute farmers. The jute farmers sell their produce at their homes or in the nearest village markets to the *Farias* and *Beparis*. Large farmers also sell their raw jute to *Kutch*a balers and sometimes they sold mills through *Aratdars* in the study areas. No jute producers were found in the study areas to sell their jute directly to the mills or *Pucca* balers. *Farias* purchase loose jute in small quantities from farmers and other small dealers who may not possess any license. They sell unsorted jute to the *Beparis* who usually handle a large volume. Generally, *Farias* do not have adequate storage facilities and they sell their unassorted raw jute in kanaipur, Krisnapur and Talma bazaar immediately. If needed, they store jute for a short period either at their dwelling houses or in the godowns. Two types of risks were involved such as physical risk and market risk. Physical risk occurred due to accident, wastage, damage etc. Market risk occurred due to fall of market price. All the *Kutch*a and *Pucca* balers protected themselves against risks that were inherent in jute business, through insurance. Some *Pucca* balers had insurance policies against their godowns.

Beparis are the professional jute traders. *Beparis* were big merchant and licensed trades having fixed business premises in the wholesale market (kanaipur, Krisnapur and Talma market) and they did business with large volume of product. The *Beparis* buy jute in loose from both *Farias* and farmers. The *Beparis* sold loose jute to the *Kutch*a balers, *Pucca* balers and to the mills. Most of them sold jute through *Aratdars* and some *Beparis* sold jute directly to the balers.

*Kutch*a balers purchased loose jute from farmers, *Farias* and *Beparis* and processed it into *Kutch*a bales. They sometimes purchased jute in *Kutch*a bale from other kutchca balers. They mainly operate in the secondary markets. Recognized commercial grades and trade standards are practiced by the *Kutch*a balers who employ permanent and temporary staff as well as labour. They also have storage facilities. The processed jute is sold to the *Pucca* balers or exporters and jute mills through Dalals/brokers.

Aratdars play a significant role in jute marketing. *Aratdars* are commission agents who had fixed establishments in the secondary market at upazila level and terminal market. They are the biggest traders in the marketing channel but are limited number. The *Aratdars* are commission agents having fixed establishment who operated between traders of jute on the one hand and balers and mills on the other hand, and charge a fixed commission. They often serve as a source of financing and provide storage facilities. The survey shows that the *Aratdars* or commission agents having Arat-Office and they do the function of negotiation between buyers and sellers. In the study area, the *Aratdar* of Kanaipur bazaar received commission at the rate of Tk. 15 per quintal from the *Beparis*. They also received a commission of Tk. 6.50 per quintal from balers and exporters. In Talma bazaar

and Krisnapur bazaar under Nagar Kanda upazila and Sadarpur upazila the *Aratdar* received commission at the rate of Tk 12.50 per quintal from the *Beparis* respectively. They also received a commission of Tk 2.50 per quintal from balers and exporters. Similar results were reported by [12 and; 9]. The highest percentage of fibre (93%) was bought by *Aratdar* from farmers followed by *Faria/Bapari* [4].

Pucca balers buy jute in loose form from *Faria* and also in the form of *Kutch*a bales from *Kutch*a balers. They also procured loose jute from *Beparis* with the help of *Aratdars*. In the *Pucca* baling press the raw jute is pressed and packed according to export grades. They some times purchased *Pucca* bales from other *Pucca* balers and sold them to the exporters and millers with the help of Dalals. Basically there was no difference between *Pucca* balers and exporters because some *Pucca* balers operate as exporters. Exporters operate in the terminal market and procure loose jute from dealers of jute and baled jute from *Kutch*a balers and *Pucca* balers. They also purchased baled jute from the Bangladesh Jute Corporation (BJC). They export raw jute after processing and baling it in their own presses or in other presses on payment of baling charges. They sell baled jute to the mills through Dalals, while selling *Pucca* bales to the foreign buyers; they sought the help of international brokers. It may be mentioned here that all the exporters interviewed also acted as *Pucca* balers. So, we can say that all exporters are *Pucca* balers but all *Pucca* balers are not exporters.

In the study areas, jute mills procured loose jute from *Beparis* with the help of *Aratdars*. They also bought baled jute from *Kutch*a balers and *Pucca* balers through Dalals. After processing of jute the millers sell their product to foreign buyers. Before, 1947, there was no jute mill in Bangladesh. In 1970, there were 70 jute mills in government sector in Bangladesh. In 2006 there were 24 jute mills in government sector (BJMC).

Foreign buyers purchased *Pucca* bales of jute from exporters and purchased processed jute from mills with the help of international brokers. The Dalals are commission agents who have no fixed establishments in the market. They negotiated sales between buyers and sellers. They got commission at the rate of Tk 2.50 and Tk 5.0 per quintal for *Kutch*a bales and *Pucca* bales respectively from the sellers. The International brokers helped in negotiating sales of *Pucca* bales between exporters and foreign buyers. They received a fixed rate of commission of Tk 12.00 per *Pucca* bales from the exporters.

The study revealed that, the whole marketing of jute has been broken down into various functions such as buying and selling, transportation, grading storage, weighing, financing, market information and pricing. Buying and selling are the major exchange functions of marketing. Marketing includes the commercial transactions of buying and selling as well as physical distribution. The activities involved in the transfer of goods were completed through buying and selling functions. Marketing functions may be defined as a specialized business activities performed in accomplishing the marketing processes of concentration, equalization and dispersion [6].

Transportation plays an important role in jute marketing system. Transportation enables the movement of products between places. This creates place utility and facilitates availability of goods at the right time, in right condition and at the right place. Jute was transported from primary market to secondary market and secondary to terminal market by push carts, boats, mechanical boats, trucks, cargo- vessels rail wagons etc. Farmers used country boat and head load. Inadequate transportation system and high transportation cost was the major problem for the intermediaries Adequate and efficient transportation is the corner stone of modern marketing system.

The market intermediaries are mostly self financed. Besides own capital other sources of financing of the *Farias* and *Beparis* are *Aratdar*, friends and relatives and Bank. They usually did not get institutional credit. But the big traders as well as exporters had access to institutional credit. Commercial banks issued loan to them. Marketing mechanism depends on market information for effective working. Market information is a facilitative marketing function required for an efficiently operating marketing system. Accurate and timely market information facilitates the farmers in deciding about price, time and place of sale of their produce. Visits to markets, personal observation, fellow traders, land telephone or mobile, BJA and BJEa marketing reports were the main sources of market information.

Raw jute marketing systems in Bangladesh

Marketing cost of Farmer: Major cost items of farmers were transportation, loading and unloading, market tolls, tips & donations, subscriptions, losses and personal expenses etc. The total marketing cost of farmers was Tk. 27.91 per quintal for tossa jute. The highest cost item was transportation, which accounted for 62.70 percent of total cost. The second highest cost was due to personal expenses (14.90 percent). The other cost items of

farmers in descending order were tips and donation (4.48 percent) and market toll and losses (8.96 percent) (Table 6).

Table 6. Marketing cost of farmers for Tossa jute (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Cost items	Cost (Tk/ quintal)	Percentage of total cost
Transportation	17.50	62.70
Market tolls	2.50	8.96
Tips and donations, subscriptions	1.25	4.48
Losses	2.50	8.96
Personal expenses	4.16	14.90
Total	27.91	100.00

Note: Personal expenses included entertainment and meals

Marketing cost of *Farias* and *Beparis*

The cost items were transportation, loading unloading, storage, commission, tolls, subscription, shortage, assortment and weighment, packaging, telephone bill, electricity bill and personal expenses. The *Farias* purchased raw jute from farmers and sold those to *Bepari* and *Kutch* balers. The average total marketing cost of *Farias* per quintal of jute was estimated at Tk. 117. The transportation cost was the highest of Tk. 38.00 which represents 32 percent of the total cost. The other major cost items were storage (15 percent), commission paid (13 percent), Assortment and weighment (6 percent), salary and wage (10 percent) and loading and unloading (5.33 percent). The lowest cost item was electricity bill which represents only 1 percent of the total cost (Table 7).

Marketing cost includes transportation, loading and unloading, storage, assortment and weighment, packaging, telephone bill, electricity bill, salary and wages and personal expenses. The total marketing cost of *Beparis* per quintal of jute was estimated at Tk. 143. The highest cost item of *Beparis* was transportation as the price of fuel is high which represented 31 percent of the total marketing cost. The other major cost items were storage (16 percent), commission paid (10 percent) salary and wages (11 percent), assortment and weighment (5 percent), loading and unloading (4 percent) and personal expenses (6 percent) (Table 7).

Table 7. Marketing cost of *Farias* for Tossa jute (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Cost items	<i>Farias</i>		<i>Beparis</i>	
	Costs of tossa jute (Tk/ quintal)	Percentage of total cost	Costs of tossa jute (Tk/ quintal)	Percentage of total cost
Transportation	37.50	31.95	45.00	31.37
Loading and unloading	6.25	5.33	6.25	4.36
Storage	17.50	14.91	22.50	15.69
Commission paid	15.00	12.78	15.00	10.46
Market toll	3.75	3.20	3.75	2.61
Tips and donation, subscription	1.88	1.60	3.75	2.61
Shortage	3.05	2.60	5.56	3.88
Assortment & weighment	7.50	6.39	7.50	5.23
Packaging cost	4.75	4.05	4.75	3.31
Telephone bill	2.50	2.13	3.75	2.61
Electricity bill	1.25	1.07	1.25	0.87
Salary and wages	11.25	9.59	15.75	10.98
Personal expenses	5.19	4.42	8.62	6.01
Total	117.37	100.00	143.43	100.00

Note: Personal expenses included entertainment and meals

Marketing costs of balers and exporters

The marketing costs for tossa jute of *Kutch*a balers, *Pucca* balers and exporters are presented in Tables 8, 9 and 10, respectively. The marketing cost elements have been broadly classified into four segments namely buying, processing, selling and others. Since the *Pucca* balers were also exporters their marketing costs for buying and processing jute were the same. The shipping and related costs for exporting jute to different countries had not were included as these expenses were not usually borne by the exporters.

Buying Costs: The cost items for buying were loading and unloading, transportation, weighment, commission paid and stacking. Total buying cost per quintal of jute for *Kutch*a balers was Tk. 20.00 while that of *Pucca* balers and exporters was Tk. 14.00, which represents 13.05 percent, 7.02 percent and 6.34 percent of total marketing costs respectively. The most important cost item in this category for all traders was transportation, which was the highest cost item for buying (Table 8).

Processing costs: The jute processing costs included the cost of assortment, rope making, hessian/bale ticket, pressing charge and stacking. Total processing cost per quintal of jute for *Kutch*a balers and *Pucca* balers/exporters were Tk. 27.00 and Tk. 78.00 respectively. The processing costs represent 17.33 percent, 38.33 percent and 35.15 percent of the total marketing costs for *Kutch*a balers, *Pucca* balers and exporters respectively. The highest cost item was assortment for *Kutch*a balers and pressing charge for the *Pucca* balers/exporters. It represents 11.13 percent and 18.23 percent respectively of their total marketing cost (Table 8).

Selling costs: Selling cost was incurred for dispatch, transportation and internal brokerage by the *Kutch*a balers and *Pucca* balers. For the exporters, the selling costs included the cost of dispatch, transportation, export brokerage, commission to clearing and forwarding (C & F) agents, Bangladesh Jute Corporation (BJC) and bill of loading and stamp. Selling cost of tossa jute for the *Kutch*a balers, *Pucca* balers and exporters were estimated at Tk. 17, Tk. 11 and Tk. 30 per quintal respectively. The selling cost constituted roughly 10.59 percent, 5.38 percent and 13.34 percent of the total marketing cost for *Kutch*a balers, *Pucca* balers and exporters respectively. The most important cost items in this category for *Kutch*a balers as well as *Pucca* balers/exporters were transportation and export brokerage (Table 9).

Table 8. Marketing cost of *Kutch*a balers for tossa jute (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Marketing cost segments/items	Costs of tossa jute (Tk/ <i>Kutch</i> a bale)	Costs of tossa jute (Tk/ quintal)	Percentage of total cost
A. Buying Costs	30.50	20.33	13.05
Loading and unloading	5.00	3.33	2.14
Transportation	18.00	12.00	7.70
Commission paid	3.75	2.50	1.60
Weighment	3.75	2.50	1.60
B. Processing costs	40.50	27.00	17.33
Assortment	26.00	17.33	11.13
Rope making	2.00	1.33	0.85
Bale ticket	0.50	0.33	0.21
Pressing and stacking	12.00	8.00	5.14
C. Selling costs	24.75	16.50	10.59
Dispatch	6.00	4.00	2.57
Transportation	15.00	10.00	6.42
Internal brokerage	3.75	2.50	1.60
D. Other costs	137.94	91.96	59.03
Bank interest	38.88	25.92	16.64
Insurance premium	31.62	21.08	13.53
Salary and establishment	18.84	12.56	8.08
Godown rent	15.75	10.50	6.74
Shortage/ wastage	15.48	10.32	6.62
Telephone bill	4.50	3.00	1.93
Electricity bill	3.50	2.33	1.50
Personal expenses	9.37	6.25	4.01

Total	233.69	155.79	100.00
-------	--------	--------	--------

Note: 1 *Kutch*a bale = 150 Kg. Personal expenses included entertainment and meals

Other costs: Other costs included the cost of bank interest, insurance premium, salary and establishment, godown rent, shortage, telephone bill, electricity bill and personal expenses. Total other cost was estimated at Tk. 92, Tk. 98 and Tk. 101 per quintal of jute for the *Kutch*a balers, *Pucca* balers and exporters respectively. Other cost constituted roughly 59.03 percent, 48.67 percent and 45.17 percent of the total costs for *Kutch*a balers, *Pucca* balers and exporters respectively. Bank interest and insurance was the most important cost item in this category and they represent 16.64 percent and 13.53 percent for *Kutch*a balers, 12.11 percent and 10.37 percent for *Pucca* balers and 12.17 percent and 9.36 percent for the exporters of total marketing costs respectively. To sum up the marketing costs incurred by the *Kutch*a balers, *Pucca* balers and exporters were Tk. 156, Tk. 201 and Tk. 223 per quintal of jute respectively. Among the different types of costs item, the other cost was the highest for *kutch*a balers, *Pucca* balers and exporters because the bank interest, insurance cost and godown rent was the highest cost item of these intermediaries (Table 9).

Total marketing cost of jute

The costs for performing various marketing functions up to the shipping point by different participants constitute the total marketing cost. On an average the total marketing cost of all intermediaries was Tk. 869 per quintal of jute. The costs incurred by the farmers, *Farias*, *Beparis*, *Kutch*a balers, *Pucca* balers and exporters were 3.21 percent, 13.51 percent, 16.51 percent, 17.94 percent, 23.17 percent and 25.66 percent of the total marketing cost. It is evident that the marketing cost gradually increased with the passage of the product through successive stage in the marketing system due to increasing complexity and greater multiplicity of functions performed (Table 10). Marketing cost of *faria* / *baparis* was Tk. 39.92 which was 136.96 per quintal of *Katch*a balers [9]. Another study revealed that during 1999 the marketing cost of intermediaries (*Faria*/*baparis*) was Tk. 63 per quintal [10].

Table 9. Marketing cost of *Pucca* balers for *tossa* jute (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Marketing cost segments/items	Costs of <i>tossa</i> jute (Tk/ <i>Pucca</i> bale)	Costs of <i>tossa</i> jute (Tk/ quintal)	Percentage of total cost
A. Buying Costs	25.42	14.12	7.02
Loading and unloading	7.00	3.89	1.93
Stacking <i>Kutch</i> a bale	2.00	1.11	0.55
Transportation	8.92	4.96	2.47
Commission paid	3.75	2.08	1.03
Weighment	3.75	2.08	1.03
B. Processing costs	141.00	78.33	38.93
Assortment	65.00	36.11	17.95
Rope making	4.00	2.22	1.10
Bale ticket	2.00	1.11	0.55
Pressing and stacking	66.00	36.67	18.23
Stacking <i>Pucca</i> bale	4.00	2.22	1.10
C. Selling costs	19.50	10.82	5.38
Dispatch	4.00	2.22	1.10
Transportation	10.50	5.83	2.90
Internal brokerage	5.00	2.78	1.38
D. Other costs	176.27	97.93	48.67
Bank interest	43.86	24.37	12.11
Insurance premium	37.54	20.86	10.37
Salary and establishment	22.50	12.50	6.21
Godown rent	23.72	13.18	6.55
Shortage/ wastage	19.92	11.07	5.50
Telephone bill	8.55	4.75	2.36
Electricity bill	6.72	3.73	1.85
Personal expenses	13.45	7.47	3.71
Total	362.18	201.20	100.00

Note: 1 *Pucca* bale = 180 Kg. Personal expenses included entertainment and meals

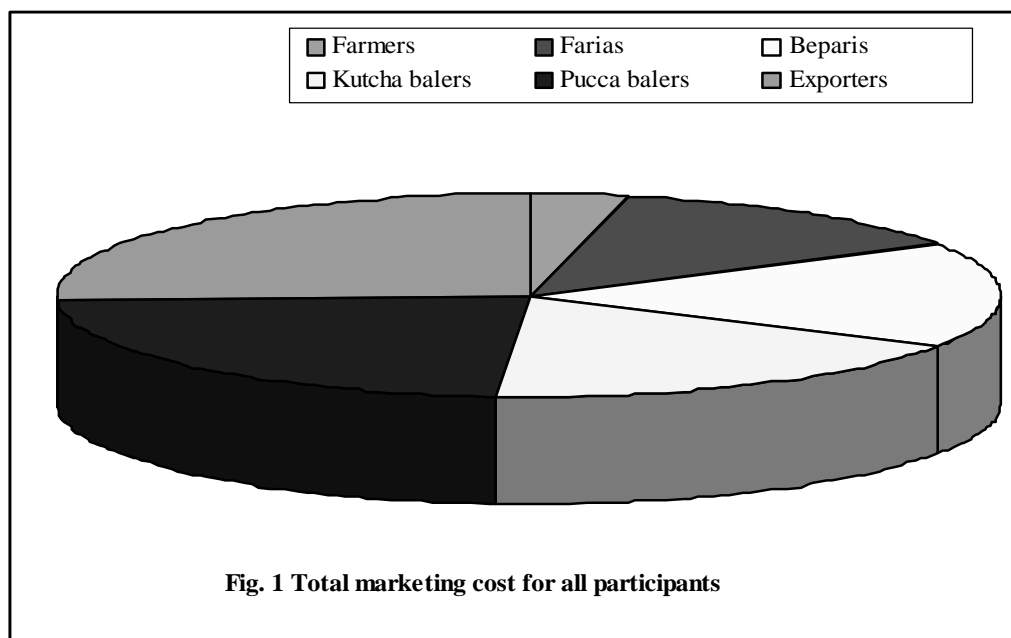
Table 10. Marketing cost of exporters for tossa jute (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Marketing cost segments/items	Costs of tossa jute (Tk/ <i>Pucca</i> bale)	Costs of tossa jute (Tk/ quintal)	Percentage of total cost
A. Buying costs	25.42	14.12	6.34
Loading and unloading	7.00	3.89	1.75
Stacking <i>Kutch</i> a bale	2.00	1.11	0.50
Transportation	8.92	4.96	2.23
Commission paid	3.75	2.08	0.93
Weighment	3.75	2.08	0.93
B. Processing costs	141.00	78.33	35.15
Assortment	65.00	36.11	16.20
Rope making	4.00	2.22	1.00
Bale ticket	2.00	1.11	0.50
Pressing and stacking	66.00	36.67	16.45
Stacking <i>Pucca</i> bale	4.00	2.22	1.00
C. Selling costs	53.50	29.72	13.34
Dispatch	4.00	2.22	1.00
Transportation	10.50	5.83	2.62
Export brokerage	12.00	6.67	2.99
Commission to C & F agent	11.00	6.11	2.74
Commission to BJC	11.00	6.11	2.74
Bill of loading & stamp	5.00	2.78	1.25
D. Other costs	181.21	100.68	45.17
Bank interest	48.81	27.12	12.17
Insurance premium	37.54	20.86	9.36
Salary and establishment	22.50	12.50	5.67
Godown rent	23.72	13.18	5.91
Shortage/ wastage	19.92	11.07	4.97
Telephone bill	8.55	4.75	2.13
Electricity bill	6.72	3.73	1.67
Personal expenses	13.45	7.47	3.35
Total	401.13	222.85	100.00

Note: 1 *Pucca* bale = 180 Kg. Personal expenses included entertainment and meals

Table 11. Total marketing cost of jute incurred by market participants (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Market participants	Cost (Tk./quintal)	Percentage of total cost
Farmers	27.91	3.21
<i>Farias</i>	117.37	13.51
<i>Beparis</i>	143.43	16.51
<i>Kutch</i> a balers	155.79	17.94
<i>Pucca</i> balers	201.20	23.17
Exporters	222.85	25.66
Total	868.55	100.00



Marketing margins per quintal of jute for intermediaries

The *Farias* who purchased loose jute from farmers and sold to different types of buyers had a gross margin of Tk. 150.00 per quintal. They incurred a marketing cost of Tk. 117 per quintal and therefore, the net profit earned by them was only Tk. 33 per quintal. The gross margins of the *Beparis*, *Kutcha balers*, *Pucca balers* and exporter were respectively Tk. 192, Tk. 175, Tk. 338 and Tk. 650 per quintal of jute. The net margins of the *Beparis*, *Kutcha balers*, *Pucca balers* and exporters were estimated at Tk. 49, Tk. 19, Tk. 136 and Tk. 240 per quintal of jute respectively. Thus in terms of profit making, the performance of the exporters and *Pucca balers* was relatively because of the fact that return over investment for exporters and *Pucca balers* was 9.09 percent and 5.21 percent respectively which was higher compared to other traders (Table 12).

Marketing margin at a particular stage of transaction may be defined as the difference between purchase price and sales price of commodity. Total marketing margin is obtained by deducting the price received by the producers from the price paid by the consumers. According to [6], marketing margin in a sense, is the price of all utility adding activities and functions that are performed by the intermediaries. A marketing margin is the percentage of the final weighted average selling price taken by each stage of the marketing chain. The margin must cover the costs involved in transferring produce from one stage to the next and provide a reasonable return to those doing the marketing activities [11]. Marketing margins of jute were calculated separately for different intermediaries. Gross marketing margin of each type of intermediaries was calculated by deducting the purchase price of jute from their sale prices whereas net margin or profit component was calculated by deducting the marketing cost from gross marketing margins. Marketing margins, it may be mentioned has two elements such as marketing costs and profit.

Table 12. Marketing margins of all intermediaries (Tk./quintal) (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Intermediaries	Purchase price	Sales price	Gross margin	Marketing cost	Net margin	Return over total investment (%)
<i>Farias</i>	2000.00	2150.00	150.00	117.37	32.63	1.54
<i>Beparis</i>	2055.00	2247.50	192.00	143.43	48.57	2.21
<i>Kutcha balers</i>	2237.50	2412.50	175.00	155.79	19.21	0.80
<i>Pucca balers</i>	2412.50	2750.00	337.50	201.20	136.30	5.21
Exporters	2412.50	2875.00	462.50	222.85	239.65	9.09
Total	-	-	1317.00	868.55	476.36	-

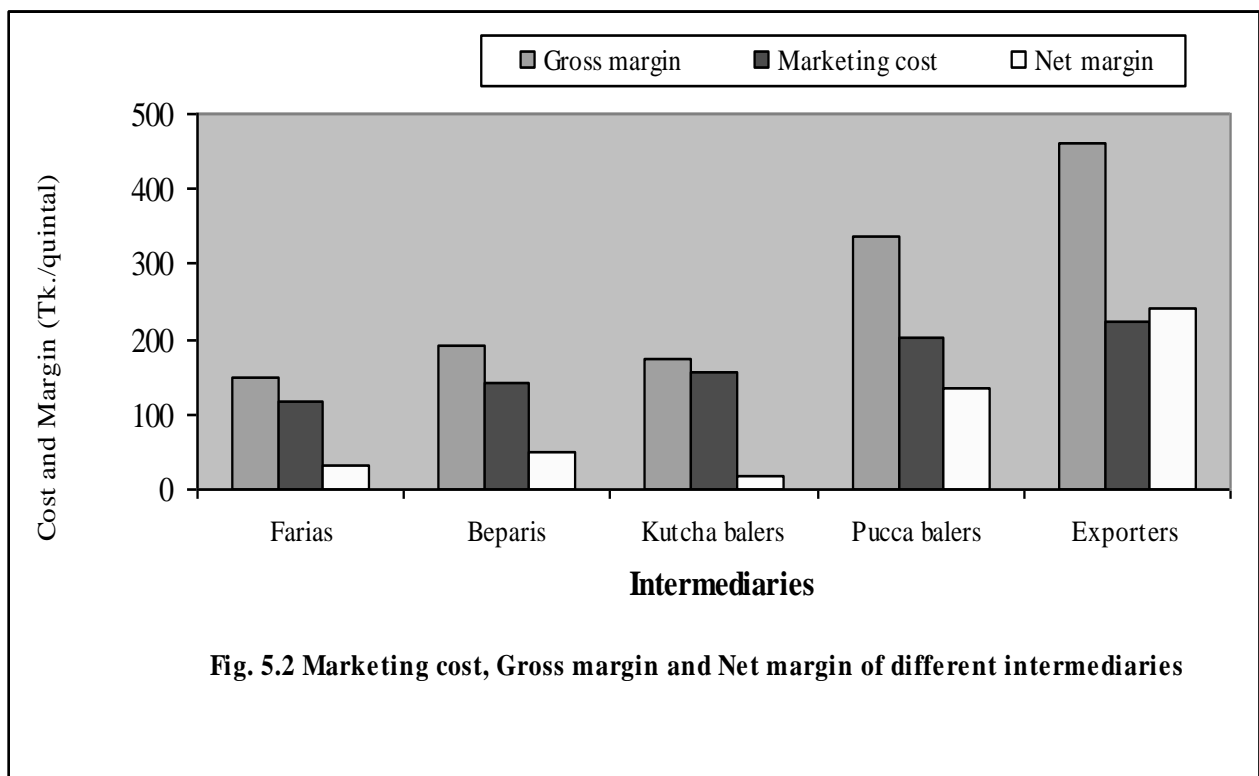


Fig. 5.2 Marketing cost, Gross margin and Net margin of different intermediaries

Seasonal price variation and problem faces by the growers and traders of raw jute production and marketing in Bangladesh: Result revealed that during the period 1997 to 2006, the maximum price indices of raw jute in Krisnapur market was 104.44 in the month of June and the minimum of 96.09 in the month of October for raw jute because of the fact that June was the short supply month and the of raw jute was high in the month of October. The important feature of raw jute prices was that their prices were more or less the same during August to December. This implied that during this period the supply matched the demand for raw jute. The price reached the maximum level in June after slight decrease in July, began to decline from August and reached minimum level in October. The range of seasonal price variation was 8.34. The co-efficient of variation of monthly price indices was 2.79 for raw jute.

The prices were more or less same during October to December because of matching the supply and demand during this period. The maximum price index of Talma market was 104.54 in the month of June and the minimum was 96.11 in the month of December for raw jute because of the supply of raw jute was the lowest in the month of June and supply of raw jute was high in the month of December. The range of seasonal price variation was 8.43 and the co-efficient of variation was 2.89 for raw jute (Table 13). The range of seasonal price variation of Kanaipur market was 8.85 for raw jute. The co-efficient of variation of monthly price indices was 3.01 for raw jute. The price is above average during April to July and below average during August to December because during April to July was lean period and August to December was peak period of raw jute. Change in supply was the main cause of this seasonal price variation (Table 1). The seasonal price variation of raw jute was found highest in Kanaipur market compared with all selected markets and lowest in Krisnapur market in Faridpur district. Raw jute price indices revealed seasonal variation on account of variation in demand and supply in the markets (Table 13).

Table 13. Seasonal price variation of tossa jute of different secondary markets of faridpur district during 1997 to 2006(Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Months	Seasonal indices of different secondary markets of Faridpur district		
	Krisnapur	Talma	Kanaipur
January	97.25	97.30	97.706
February	100.37	100.30	100.750
March	100.43	100.63	100.906
April	102.68	102.61	102.788
May	102.12	102.03	102.263
June	104.47	104.54	104.337
July	104.14	104.36	104.454
August	99.65	99.33	99.328
September	99.34	99.76	99.681
October	96.09	96.17	95.722
November	96.99	96.84	96.459
December	96.54	96.11	95.607
Maximum	104.44	104.54	104.454
Minimum	96.09	96.11	95.607
Range	8.34	8.43	8.847
SD	2.79	2.87	3.012
Mean	100.00	100.00	100.00
CV%	2.79	2.87	3.012

Note: $CV = Sd / Mean * 100$

Range = Maximum – Minimum

Source: Department of Agricultural Marketing (DAM), Bangladesh Jute Association (BJA).

In Narayangonj terminal market, the maximum price indices was 104.27 in the month of June and the minimum was 95.80 in the month of December for raw jute because of the supply of raw jute was the lowest in the month of June and supply of raw jute was high in the month of December. The range of seasonal price variation was 8.47 for raw jute. The co-efficient of variation of monthly price indices in Narayangonj terminal market was 2.95 for raw jute. The price variation of raw jute was more or less same during April to July. This imply that during this period, the supply matched the demand for raw jute. After slight decrease in July began to decline from August and reached minimum level in December (Table 14).

Table 14. Seasonal price variation of tossa jute of Narayangonj terminal market during 1997 to 2006 (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Months	Seasonal indices of Narayangonj terminal markets
January	97.55
February	100.75
March	101.11
April	102.66
May	103.31
June	104.27
July	103.80
August	98.47
September	99.39

October	96.27
November	96.62
December	95.80
Maximum	104.27
Minimum	95.80
Range	8.47
SD	2.95
Mean	100.00
CV%	2.95

Note: $CV = Sd / Mean * 100$

Range = Maximum – Minimum

Source: Department of Agricultural Marketing (DAM)
Bangladesh Jute Association (BJA).

The average seasonal price indices of raw jute in the selected markets during the period of 1997 to 2006 as observed the highest price index of raw jute was 104.41 in the month of June and lowest price index was 96.01 in the month of December. The difference between highest and lowest average indices was 8.40. The coefficient of variation of monthly price indices of raw jute was 2.90. In all markets raw jute price indices reveal seasonal variation on account of variation in demand and supply in the market (Figure 2).

The causes of such price variation might be –

- i) The cause of a decline in the price of raw jute during August to December was highest might be due to the highest supply in harvest period and correspondingly, the price of jute remained lowest. On the other hand during April to June, the supply of jute was the lowest (lean period) and for this reason the price remained higher in this period.
- ii) The jute production depends on temperature, humidity, rainfall, sowing and harvesting time. The impact of weather disturbances is reflected in yield and harvested acreage. Several other factors such as availability of seeds, fertilizers, pesticides, credit, government policy etc. also influence the instability of supply of jute which effect price of jute.

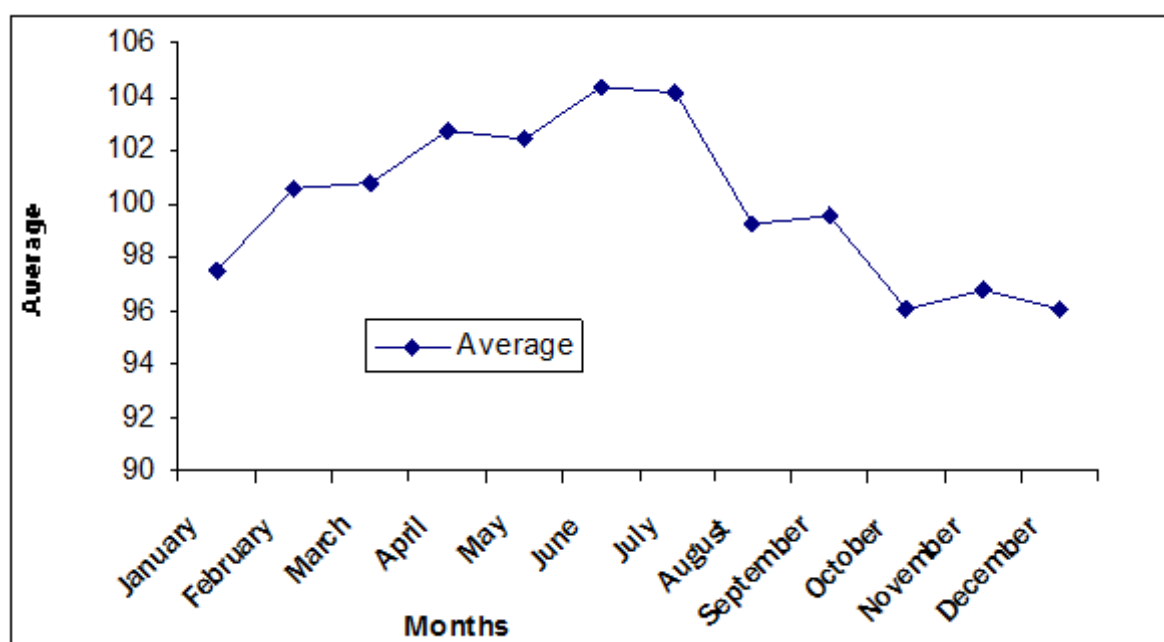


Figure 2. Average seasonal price variations of tossa jute of different secondary and terminal markets during 1997 to 2006 (Sources Moniruzzaman *et al.*, [9], Moniruzzaman *et al.*, [8] and Moniruzzaman *et al.*, [4])

Problems Faced by Raw Jute Growers

Farmers produce jute for selling in the market. They sell their crop at their homes and in the nearest rural market. For production and marketing of jute, farmers faced various problems in the study area which are discussed below:

Lack of availability, supply and distribution of good quality jute seeds: Jute production depends largely upon availability of good quality seeds. Bangladesh Agricultural Development Corporation (BADC) cannot supply sufficient good quality seed according to the demand of the farmers. So farmers bought low quality seeds from open markets. Low quality seed was a pertinent problem for the farmers.

Lack of scientific knowledge and technical support: Lack of scientific knowledge and technical support was one of the major problems for better jute production. In the study areas, farmers were not aware of the latest scientific knowledge such as seed drill used in broadcast sowing, retting in insufficient water in dry season etc.

Pest attacks on the plants: Pest attack on the plants was a serious problem in the study areas. Farmers cannot buy pesticide because of high price. As a result, they do not get good quality of fiber.

Scarcity of retting water at harvest time: Scarcity of retting water at harvest time was the major problem in the study areas. A certain depth of water is needed for retting. When the farmers harvest their jute, they do not get sufficient water for retting because rivers, beels, etc. are becoming dry day by day.

Low bargaining power: Low bargaining power was also major problems for farmers. Farmers does not have cooperatives, so they cannot bargain with buyers. For instability in prices and low bargaining power at the local markets, the farmers remained uncertain to get fair price. On the other hands, farmers compelled to sell their jute at low price just after harvest in order to pay the credit to the lenders.

Lack of marketing facilities: Lack of marketing facilities like storage facilities and transportation were mentioned as problems in jute marketing which are essential for jute. The prices of jute fluctuate in local markets. The farmers who wanted to get higher prices, they could not store their products for want of storage facilities.

Lack of sufficient fund and complexity of getting credit from institutional sources: Most of the producers in the study area could not cultivate their lands due to lack of sufficient funds. Non-availability of credit and complex procedures of getting institutional credit was a limiting factor in production. In the study areas, some of the farmers mentioned that it was very much complicated to get the credit from institutional sources. On the other hand, interest rate of NGO's credit was very high.

Lack of market information: Market information influenced the farmers to make their decisions regarding the production, sales and the price of the product. The right market information helps the farmers operate their business smoothly. In the present study, the farmers could not collect the market information about jute production from reliable sources. In the study areas, farmers considered lack of market information as a problem in marketing their jute which adversely affected the profitability of the jute cultivation.

Solutions to the Problems Faced by the Farmers

To overcome the problems of jute production and make the production more profitable, some suggestions are mentioned below:

Coordination of different organizations: Coordination of different organizations could solve the problem of non-availability of good quality seeds. The relationship of different organization such as BADC, DAE and BJRI, should be developed because BADC along is not able to supply the good quality and HYV variety seeds. Government should come forward to supply the good quality seeds in reasonable price to the farmers through the above organizations.

Providing scientific education and training: Scientific education and training can upgrade the farmers knowledge about the improved method of jute cultivation. The use of different technologies and scientific use of chemicals should be ensured in the farmers fields. Government and non-government agencies should take necessary steps to provide scientific education and training facility to the farmers.

Availability of water for retting: Insufficient water for retting was a major problem in the study areas because a certain depth of water is needed for retting. To overcome this problem, supplementary supply of water, digging of ponds, khal etc. in proper time may be arranged by government. Technology can be developed so that retting can be done using small amount of water. Department of Agriculture Extension (DAE) should arrange training for the progressive farmers in the jute growing areas on scientific retting of green jute.

Formation of farmers association: Farmers association should be formed which might improve bargaining power of farmers, enabling them to face the traders and ensuring them better prices from jute production.

Availability of credit as easy terms: Government may enact a new law in banking sector so that farmers can get credit from any government and private bank at a low interest rate and on easy terms and conditions.

Improvement of communication system and market information: Transport and communication system should be improved. To reduce transportation cost, government should take proper steps. Government may forecast or publish regularly market information through different mass media such as radio, TV and newspaper etc.

Problem Faced by Jute Intermediaries

In the study areas, jute intermediaries faced various problems and these are discussed below:

High transportation cost: A good transportation system is essential for trading any product. But in the study areas, inadequate and inappropriate transportation system created problem in jute marketing. Due to inadequate transportation facilities and increased price of fuel, the transportation cost in the study areas was very high.

Irregular payment by buyers: Irregular payment was a great problem in the study areas. When *farias* and *beparis* purchased the products of farmers, they paid in cash to the farmers but in case of selling to *pucca* balers/exporters, BJMC and mills, they sold in credit.

Inadequate storage facilities: Inadequate storage facility increased marketing cost due to high preservation charge. They usually stored their product in rented warehouse which increased the cost.

Lack of technical knowledge of grading: For the purpose of export, grading according to specific standard is sine quo non. But in our country, *farias* and *beparis* could not grade their raw jute. Grading is done by *pucca* balers but due to lack of expert hands, grading are not always done efficiently. As a result, the demand of jute in foreign market is decreasing.

Price and demand fluctuation: Price and demand fluctuation were the major problem in jute marketing. In this situation, the traders remain uncertain on profit and the possibility of loss is a common phenomenon.

Lack of credit facilities: Non-availability of credit from institutional sources at easy terms and condition was a major problem in the study area. In the absence of insurance knowledge, the *farias* and *beparis* are afraid of taking any risk, thus causing an unbalanced fluctuation of price. Sometimes they did not get enough money for purchasing jute and whole of the marketing system was hampered.

Lack of proper market information: Although market information was available to some extent to the intermediaries but the information was not accurate and up to date. So, in the study are lack of proper market information was important problem to the trades.

Lack of government purchase center: Lack of government purchase centre was also a major problem because there was no government purchase centre near the jute producing areas. As a result, farmers could not sell their products at fair prices.

Mixing/adulteration and watering: Mixing/adulteration and watering problem were great problems in the study areas. Poor quality products are sometimes mixed with the good quality in order to make big volume and to get higher prices. On the other hand, the unscrupulous traders often mix water with loose jute to increase the weight, thereby to increase the profits. Most of the times this problem was created by the *farias* and *beparis*.

High shipment cost: It is the major problem of exporters. Shipment cost is estimated on the basis of product weight but weight of many jute products is higher than the value of product. They have to pay on the basis of weight which was high.

Lack of quality jute: Lack of quality fiber was important problem of *pucca* balers and exporters. The foreign buyers want good quality fiber. But exporters could not supply good quality jute because of adulteration made by the middlemen.

Political instability: Political instability like strike, hartal etc. are a great problem, to run any kind of business efficiently. Transportation of jute was very much hampered by strike and for that reason the total marketing cost increased. In the case of political unstable situation, the auction market cannot perform its function properly.

Solutions to the Problems Faced by the Intermediaries

Ensure stable price: Stable price is a very important criterion for running business smoothly. Government should take some feasible actions (fixing the price, monitoring market etc) so that the traders can buy jute from the producers at a reasonable price and price may remain stable throughout the year.

Open purchase center: A large number of Govt. purchasing centres may be opened in different locations so that the farmers and traders can buy and sell their jute products easily at fair prices.

Availability of credit on easy terms: Government may enact a new law in banking sector and start special insurance programme so that traders can get credit from any Govt. and private bank at a easy terms and conditions and can face any risk

Adequate market information and storage facilities: Market information and storage facilities should be ensured for getting fair prices of jute products.

Provide technical knowledge of grading: Grading is very important for jute products. If traders grade jute properly, they can get suitable price for their products and can earn more profits. Government and Non-government organization can provide proper trainings for traders.

Reduction of shipment cost: To reduce the shipment cost as well as marketing cost, government should take proper steps to reduce shipment costs. Government can provide subsidy on value of jute exporters.

Stable political situation: The government and the opposition parties can play an important role to stabilize political situation. Stable political situation can ensure the development activities of the country, so the jute industry and its marketing functions. The government and opposite parties can take effective steps to stop hartals and other political hazards. The marketing system can run smoothly if political situation in the country is stable.

IV. Conclusion

It can be concluded that the jute farmers sell their jute to the Farias and Beparis. Farias sold unsorted jute to the Beparis who usually handle a large volume. The Beparis sold loose jute to the Kutcha balers, Pucca balers and to the mills. Kutcha balers purchased loose jute from farmers, Farias and Beparis and processed it into Kutcha bales. The processed jute sold to the Pucca balers or exporters and jute mills through Dalals/brokers. The Aratdars are commission agents having fixed establishment who operated between traders of jute on the one hand and balers and mills on the other hand, and charge a fixed commission. Pucca balers bought jute in loose form from Faria and also form of Kutcha bales from Kutcha balers. Aratdar sold to the exporters and millers with the help of Dalals. Exporters operated the terminal market and procured loose jute from dealers of jute and baled jute from Kutcha balers and Pucca balers. They sold baled jute to the mills through Dalals and Pucca bales to the foreign buyers. Foreign buyers purchased Pucca bales from exporters and processed jute from mills with the help of international brokers. The findings of the study reveal that total marketing costs per quintal of jute for farmers, Farias, Beparis, kutcha balers, Pucca balers and exporters were calculated at Tk. 28, Tk. 117, Tk. 143, Tk. 156, Tk. 201 and Tk. 223 respectively. The average net marketing margins per quintal of jute for Farias, Beparis, kutcha balers, pucca balers and exporters were Tk. 33, Tk. 49, Tk. 19, Tk. 136 and Tk. 240 respectively. Among all intermediaries the profit of exporter was the highest. The results revealed that the seasonal price variation in all raw markets were more or less similar. The price variation arises from lack of storage facility, high transportation cost, change in supply and demand and economic condition of the producers as well as traders. The price was above average during April to July and below average during August to December because during April to July was lean period and August to December was peak period of raw jute. Jute farmers and traders faced a number of problems such as lack of availability, supply and distribution of good quality jute seeds, lack of scientific knowledge and technical support, pest attacks on plant, scarcity of retting water, low bargaining power, lack of credit, high transportation and shipment cost, irregular payment by buyers, price

fluctuation, adulteration, lack of market information, political instability etc. On the other hand, ensure stable price, opening of open purchasing centres, availability of bank credit on easy terms, adequate market information and storage facilities, updating technical knowledge of grading, reduction of shipment cost and stable political situation etc. were assessed as points of solutions of above mentioned problems.

References

- [1] BBS (2004), Yearbook of Agricultural Statistics of Bangladesh. Ministry of Planning, Government of the People's Republic of Bangladesh, Dhaka, Bangladesh.
- [2] JDPC (2006). Jute Diversification Promotion Centre. Ministry of Textiles and Jute, Government of the People's Republic of Bangladesh, Dhaka, Bangladesh.
- [3] Moniruzzaman, S.M. (2007) Raw jute marketing in selected areas of Bangladesh, MS thesis, Roll No. 06 Ag. Econ. M JJ 01M, Thesis Semester: January-June, 2007, Registration No. 17957, Session: 1990-91, Department of Cooperation and Marketing, Bangladesh Agricultural University, Mymensingh-2202, Bangladesh. Pp-101.
- [4] Moniruzzaman, S.M., Nabi, M.N., Alim, M.A., Islam, M.M. and Choudhury, E.R. (2002-2003) Marketing of jute from growers to secondary market level in selected areas of Bangladesh. Bangladesh J. Jute and Fib. Res. 24(1-8): 111-117.
- [5] Podder, S.K. (1992). An Economic Study of Raw Jute Marketing System in Narayanganj Terminal Market. M.S. Thesis, Department of Cooperation and Marketing, Bangladesh Agricultural University, Mymensingh.
- [6] Kohls, R.L. and Uhl, J.N. (2005). *Marketing of Agricultural Products*. 9th edition. Macmillan Publishing Co., Inc. New York.
- [7] Moniruzzaman, S.M.; Sabur, S.A.; Islam, M.M.; Salam, M.A. and Alamgir, M.A. (2009) Marketing channels, Participant's characteristics and functions of intermediaries of raw jute marketing from farmer to foreign buyer Bangladesh J. Jute and Fib. Res. 29(1&2): 47-57.
- [8] Moniruzzaman, S.M.; Sabur, S.A.; Islam, M.M.; Salam, M.A. and Alamgir, M.A. (2008) Raw jute marketing system in Bangladesh: An economic overview. Int. J. Sustain. Agril. Tech. 4(3): 62-68.
- [9] Nabi, M.N. and Mannan, S.A. (1992). A study on marketing of jute in some selected areas of Bangladesh. Annual Report, 1992. Agril. Res. Wing. Bangladesh Jute Res. Inst., Dhaka. pp. 239-242.
- [10] Siddique, S. B. (1999) Status report on jute and allied fibre production and their utilization for income generation of the farmers of Faridpur in Bangladesh. Existing marketing of JAF and fibre products at farm level. International Jute Organization, Dhaka.
- [11] Crawford, I.M. (1997). Agricultural and Food Marketing Management, Food and Agricultural Organization of the United Nations, Viale delle Terme Dicaracalla, Rome, Italy, Published by the FAO Regional Office for Area.
- [12] Sikder, F.S. Nabi, M. N. and Mannan, S.A. (1989). A study on marketing of jute at growers level in some selected areas of Bangladesh. Annual Report-1989. Agril. Res. Wing. Bangladesh jute Res. Inst., Dhaka. pp. 246-253.