

Learnings from the jute value chain study

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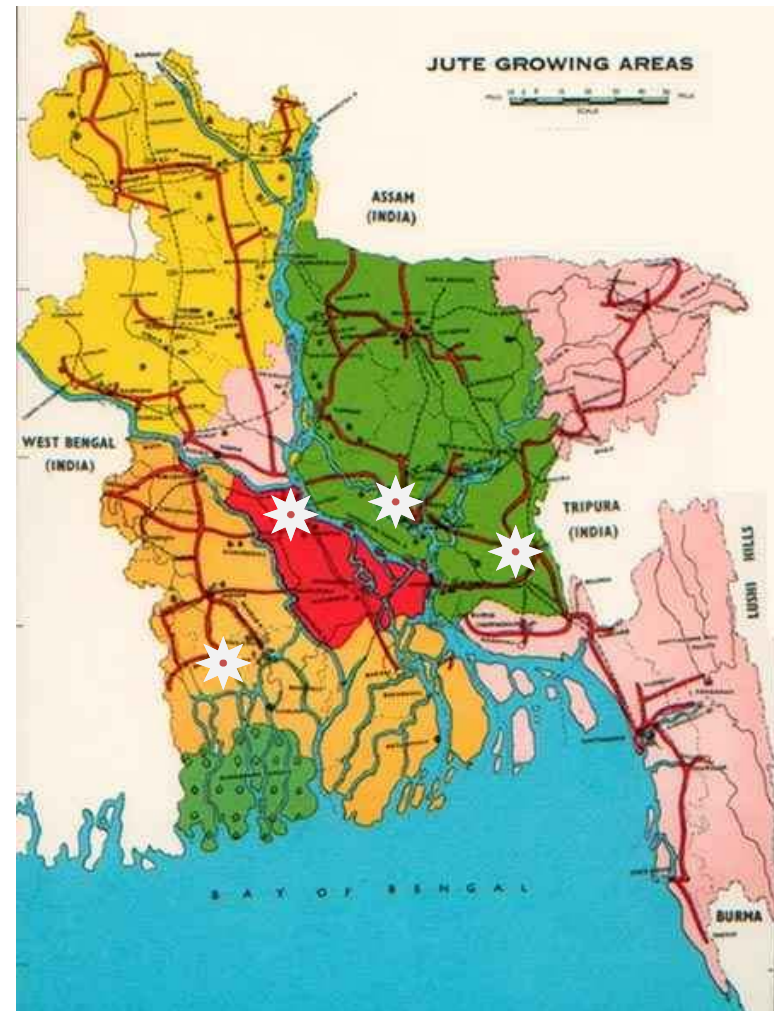
Outline

- Study methodology
- Our global position
- Growth trend
- Value chain map/Information and knowledge flow
- Issues in the value chain
- Potential solutions



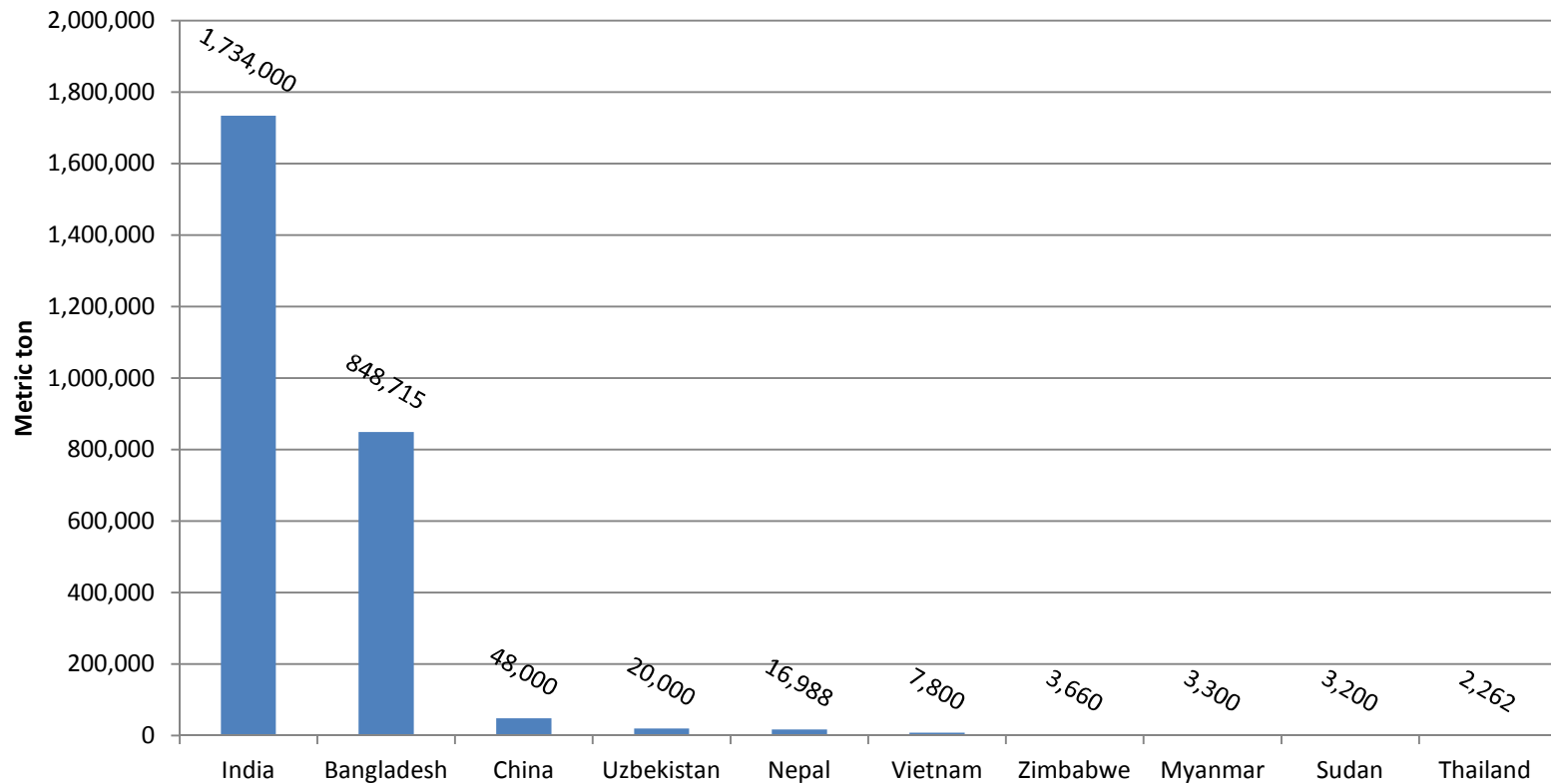
Study methodology

- Value chain approach
 - Desk research
 - In-depth interview
 - FGD
- Field investigation took place during first quarter of 2011
 - 55 in-depth interviews with stakeholders
 - Respondents include all value chain actors, support service providers, government institutions and NGOs
 - Geographical locations: Dhaka, Faridpur, Comilla and Khulna
 - Three FGDs conducted with small holders



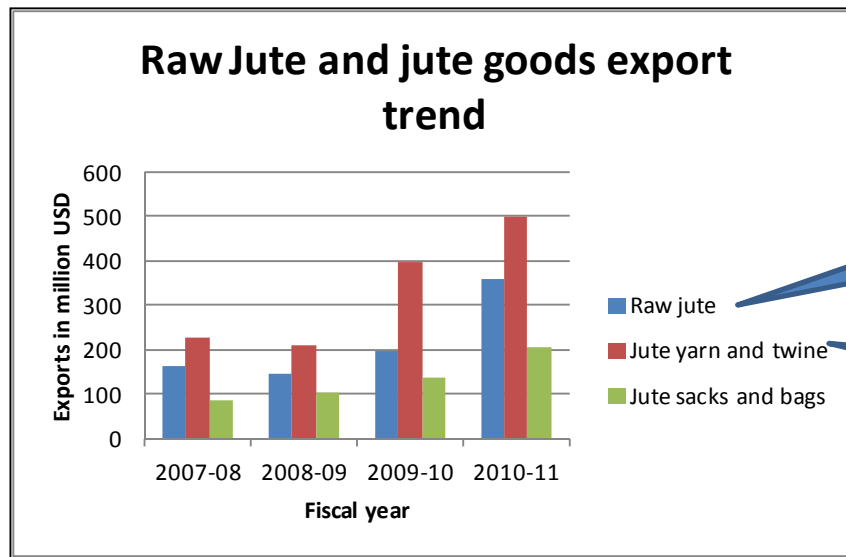
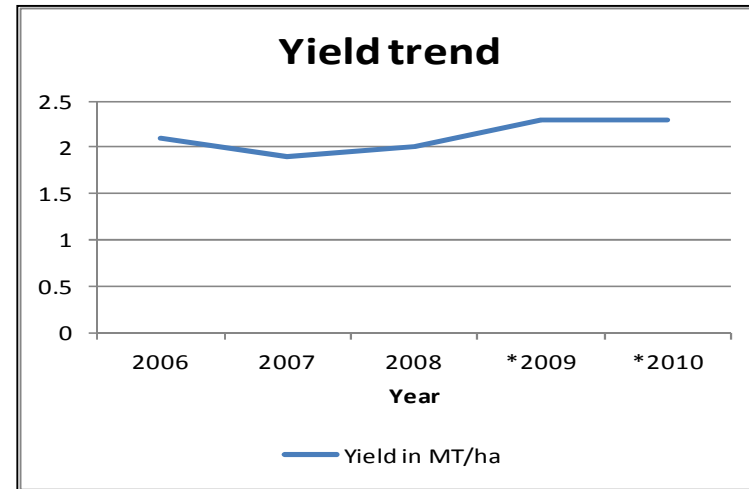
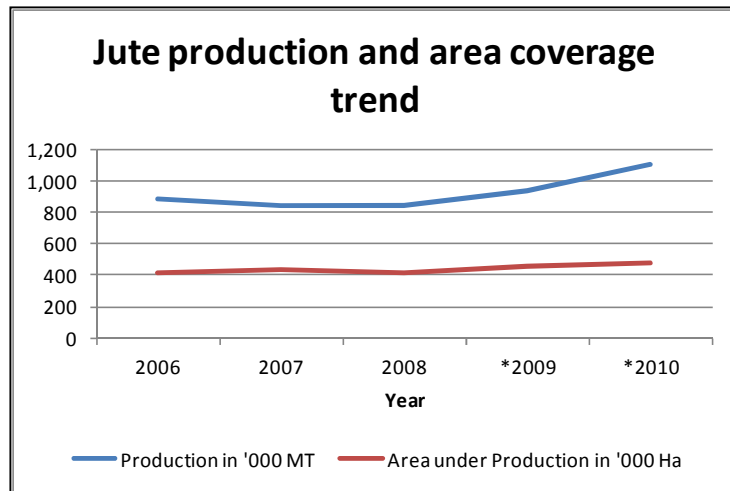
Our global position

Top jute producing countries



Source: FAO, 2008

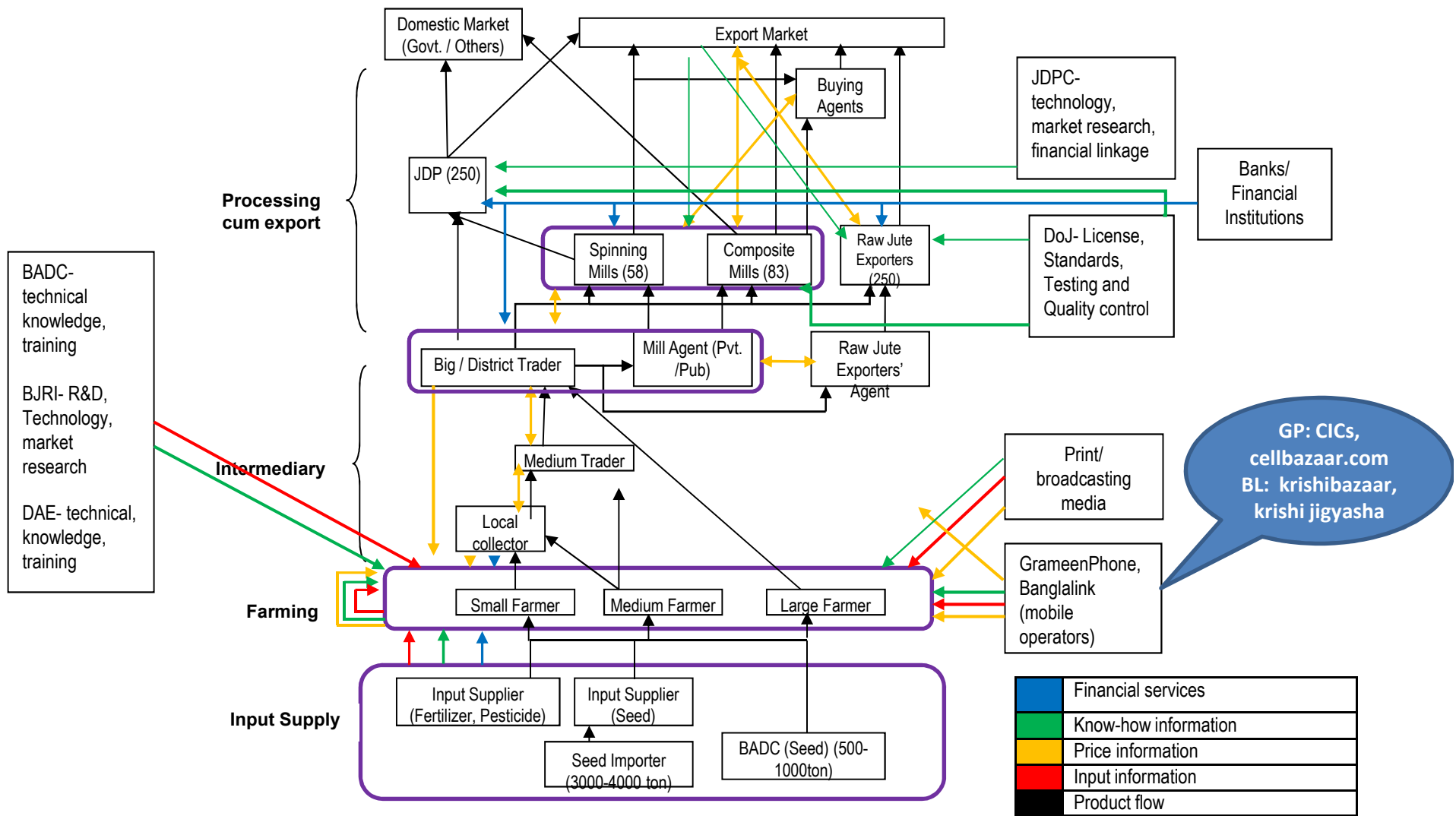
And internally.....



40% of total production is exported as raw jute and the rest is further processed, exported or consumed locally

Whereas only jute yarn and twine earn more foreign currency than raw jute

Jute value chain in Bangladesh



Issues in the value chain

- Poor quality fiber
- Lack of access to working capital



Processors/ exporters

- Unavailability of good quality seeds
- Low price for their produce
- Unavailability of fresh water for retting



Smallholders

Underlying reasons

- Poor knowledge of producers on improved retting techniques
- Inability of producers to identify better quality seeds
- Poor knowledge of producers on grading system

Poor knowledge of producers on improved retting techniques

| Background | Symptoms | Consequences |
|---|--|--|
| <ul style="list-style-type: none">•Decreasing open water bodies during retting period (June-July)•Spread of commercial fish farming limits the scope of retting in closed water bodies | <ul style="list-style-type: none">•Use of mud and water plants to address scarcity of water•Averse to adopt ribbon retting (improved technique) | <ul style="list-style-type: none">•Poor quality fiber•Unable to get additional USD 70-150 per MT•Less good quality fiber available at the processors/exporters end |

Inability of producers to identify better quality seeds

| Background | Symptoms | Consequences |
|---|---|---|
| <ul style="list-style-type: none">•Sowing time is only one month and seeds cannot be carried over to the next cycle. Margin is also low. Many reputed seed companies are not interested.•Easy to import from India, many importers (not necessarily in agriculture business) foray into the seasonal business.•In addition, according to DAE, at least 30% imported seeds are smuggled. | <ul style="list-style-type: none">•Farmers use excess seeds than required.•Very often sow twice or thrice to get proper germination. | <ul style="list-style-type: none">•Increased production cost.•Poor production (low yield and poor quality fiber)•Low return on investment |

Poor knowledge of producers on grading system

| Background | Symptoms | Consequences |
|---|---|--|
| <ul style="list-style-type: none"> • Knowledge on jute grades exists only at large traders/suppliers and downstream of the value chain. Common jute grades are- BTA (best quality), BTB, BTC, BTD, BWC, BWD, BWCA, BWCB, BTE/SMR (the worst quality) • To farmers and small traders, jute grades are referred to as good, medium and bad. | <ul style="list-style-type: none"> • Most often farmers are dissatisfied with the price • Small traders take extra 2-4 kg (in every 40 kg) to compensate the possible loss due to grading in forward chain. | <ul style="list-style-type: none"> • Uncertain about the fiber quality • Less bargaining power • High possibilities of exploitation |

Potential solutions to the smallholder issues

| Problem | Recommendation |
|---|---|
| Poor knowledge on improved retting techniques | <ul style="list-style-type: none">•Promote alternative, improved and financially viable retting techniques through extension services •Promote R&D to develop new and appropriate retting techniques at concerned facilities |

Potential solutions to the smallholder issues

| Problem | Recommendation |
|---|---|
| Inability of producers to identify better quality seeds | <ul style="list-style-type: none"><li data-bbox="1066 527 1816 683">•Develop an information management system accessible by smallholders to identify better quality seeds suppliers<li data-bbox="1066 756 1864 912">•Improve regulatory system to address supply of adulterated and inferior quality and also smuggled seeds<li data-bbox="1066 985 1745 1084">• Strengthen and expand extension services through mobile solutions |

Potential solutions to the smallholder issues

| Problem | Recommendation |
|---|---|
| Poor knowledge of producers on grading system | <ul style="list-style-type: none"><li data-bbox="1066 529 1871 630">• Educate farmers on grading system through strengthening extension services<li data-bbox="1066 699 1835 800">• Introduce mobile solutions to measure fiber grades<li data-bbox="1066 870 1814 971">• Introduce color charts as a method to define fiber grades<li data-bbox="1066 1040 1850 1141">• Promote group selling to increase bargaining power and also peer learning |

For more information:

www.lirneasia.net/projects/agriculture

search term: Agriculture, KBE

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