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INDIAN JUTE DIVERSIFIED PRODUCTS IN THE EXPORT MARKET, 2000-01 TO 2012-13: PATTERN AND PERFORMANCE

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ABSTRACT

Jute is one of the major industries in the eastern region of India, particularly in West Bengal. Jute - the golden fibre, is a natural, renewable, biodegradable and eco-friendly product that meets all the standards of safe 'packaging' in this era when the green marketing concept is gradually emerging in the globe. Government of India has given priority to the revival and development of the jute sector in its policy matrix. The steady decline in markets for traditional jute products forced the Governments and Jute Industry to take up programs for development of diversified jute products in the recent past. Besides attention is directed towards promotion of packaging material for conventional and new end-users with the emphasis on bio-degradable and eco-friendly attributes of jute as a natural fibre so that the jute industry does not depend primarily on mandatory packaging. The paper is an attempt to assess the performance of diversified jute products in front of marketing mix of the industry in export market. The study is mainly based on the secondary sources of data and information. The study covers the period from 2000-01 to 2012-13.

KEY WORDS: *Jute, eco-friendly, product diversification, export, marketing mix.*

INTRODUCTION

The Jute Industry occupies an important place in the national economy. It is one of the major industries in the eastern region, particularly in West Bengal. It supports nearly 4 million farm families, besides providing direct employment to 2.6 lakh industrial workers and livelihood to another 1.4 lakh people in the tertiary sector and allied activities. The production process in Jute Industry goes through a variety of activities, which include cultivation of raw jute, processing of jute fibres, spinning, weaving, bleaching, dyeing, finishing and marketing of both raw jute and its finished products. The Jute Industry is labour intensive and as such its labour-output ratio is also high. In spite of various difficulties faced by the industry, capacity utilization is around 75 per cent. The steady decline in markets for traditional jute products forced the Governments and Jute Industry to take up programs for development of diversified jute products over the last few years. International agencies and governments in both exporting and importing countries have supported research and development (R and D) efforts in developing new products from jute, a versatile and environment-friendly natural fibre. Commercialization of these products is expected to open up new possibilities of reviving the jute economy and to help to improve the economic conditions of farmers (including women) and workers in producing countries. Production and commercialization of value added jute products would create additional employment opportunities and assist in alleviating poverty in the jute producing countries.

DIVERSIFIED JUTE PRODUCTS

Floor Covering: From the conventional carpet backing cloth, jute has moved up the value chain and is being used to make attractive

floor coverings. Consumer preference is also shifting away from synthetics to natural floor coverings. Jute woven and piled/tufted carpets have found a niche market. With some more attention to consumer preferences, improvements in dyeing and processing and market development, this segment is poised to grow. A traditional jute mat known as "*Satranji*" has also received much acclaim from the consumers and has a large market potential. **Hand and Shopping Bags:** Travel bags, beach bags, fancy bags, ladies' bags, school bags, shopping bags, carrier bags and a range of different bags are available for use, that are made of jute. For shopping bags and similar other uses, attempts are also made for bag of jute/paper combination.

Decorative Items: Several decorative items, toys, wall hanging, paper, decorative bags, table lamps, furniture, and many more is made from jute fabrics.

Others: Table cloth, cushion covers, sofa covers, bed covers, curtain cloth, table mats, prayer mats, napkins, aprons, blankets etc. are made of jute or jute in combination with other textile fibres. Jute can replace cotton fabrics either by itself or as a blend with cotton for home textile applications. Attractive fabrics for use as upholstery and tapestry have already been developed and are in the market, albeit in small volumes. Jute handicraft items are attractive products, produced from jute fibre, yarn and fabric. These products vary from cushion covers to lamp-shades, from hats to footwear and from hand bags to fashion accessories. Some attractive items are candle holders, hand bags, jewellery boxes etc. Considering the value addition and the employment such handicrafts offer, this segment can grow significantly. Being a bio-degradable and renewable nature fibre, jute

handicrafts and novelties are in great demand. Jute based handicrafts and novelties vary from toys, table lamp, wall painting, pencil box, and innumerable splendid gift items. They have a huge export potential.

OBJECTIVE OF THE STUDY

In view of the large outreach, the objectives of the present study are:

1. To analyze trend and pattern of Diversified Jute Products exported by Indian jute industry in the global market;
2. To assess and portray the performance of National Jute Board, India, for promotion and distribution of Diversified Jute Products in different markets of the World.

METHODOLOGY

The study is mainly based on secondary data and information. The information were collected from various published sources. Such sources include books, journals, Jute Manufacturing Development Council (JMDC) reports, National Jute Board (NJB) reports, Indian Jute Mill Association (IJMA) Reports, Food and Agriculture organization (FAO), Office of the Jute Commissioner, India, government reports and publications, research articles, websites, newspapers, etc. The data and information are processed, analyzed and interpreted with the help MS-Excel software package to assist in the process of analysis and to draw the final observations.

ANALYSIS AND DISCUSSION

Marketing of Jute Diversified Products in front of Marketing Mix of the Industry:-

The continuous decline in Indian jute industry, both in domestic as well as in export market, till 1947 Indian jute mills dominated the world jute market with 70 percent of its

products finding place in the global market. It was after the partition of in 1947 when almost all jute producing areas went under East Pakistan (Bangladesh) causing decline to Indian jute market. At the same time, jute consuming nations switched to bulk handling systems and developed alternate synthetic packing materials. Two other issues faced by Indian jute industry were:

- (a) Dependence for raw jute on Bangladesh.
- (b) Rapid decline of export market.

Gradually, jute goods export has been declined to 30% from 70%. In spite of constraints, jute goods production showed a gradual increment. In 1947, the total production was 10 lakhs MT and the same figure was 16.2 lakhs MT in 2003. In five decades, Indian jute industry expanded to 62%.

In recent times *plastic bags* substituted jute bags and thus jute was in verge of extinction. In order to revamp jute industry, in 1987 Government of India reserved the packing of traditional commodities, viz., sugar, food grains with jute material by proclaiming the mandatory Jute Packaging Material Act (JPMA) 1987. Today JPMA is restricted to 100% coverage for sugar and food grains, which is the main bread earner for the industry. Now, in the face of multidimensional threats this industry is again confronted with danger of extinct (Sharma, Kaushik and Chatterjee, 2009).

UNDP and Government of India National jute program has facilitated diversification of jute sector by developed new technology. The UNDP program provided west employment opportunities by encouraging new entrepreneurs to set up production units. National Centre for Jute Diversification (now merged with National Jute Board, India) is a nodal agency for promotion of jute diversification through commercialisation of technologies. NCJD creates awareness about

jute, promoting market for jute diversified products, provides necessary raw material, design support, skill development training and other services. NCJD operates various schemes to assist entrepreneurs, craft persons, artisans, buyers and NGOs in order to

promote jute and jute diversified products. Jute diversification products are also promoted by NJB, IJIRA, JMDC, IJMA and other R&D institutes.

The table below highlights the export of jute diversified products during 2000-01 to 2012-13 in the global market scenario.

Table: 1- Export of Diversified Jute Products (JDPs) from India during the period 2000-01 to 2012-13 (Value: Rs./Million)

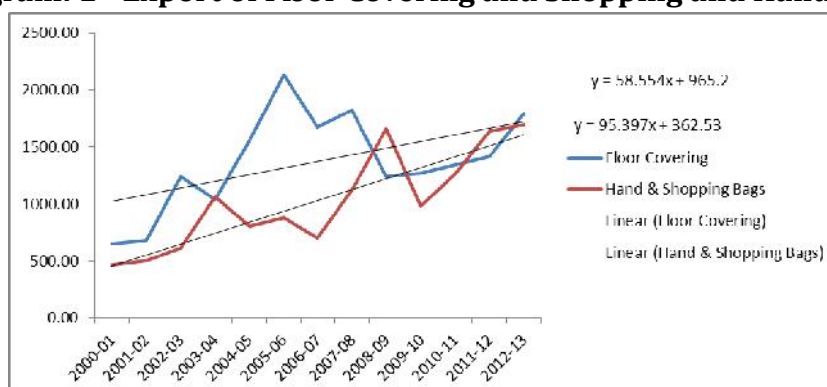
Product	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Floor Covering	652.82	681.12	1241.77	1043.74	1557.49	2133.90	1675.68	1825.85	1242.42	1268.90	1342.36	1420.05	1789.91
Hand and Shopping Bags	466.44	501.48	609.82	1065.74	808.66	880.03	703.14	1122.77	1656.88	981.32	1264.22	1636.61	1696.95
Wall Hangings	55.58	60.67	69.28	5.93	6.35	4.61	4.23	2.19	1.09	1.24	29.90	40.97	2.09
Gift Articles	102.16	82.54	54.43	22.40	16.78	21.63	9.75	11.10	4.03	17.62	22.86	14.64	64.95
Decorative Fabrics	33.20	29.26	28.11	12.96	38.75	22.91	21.93	16.82	17.21	21.47	28.61	86.08	79.59
Others	0.00	0.00	28.24	82.95	109.44	62.84	150.11	6.79	23.73	17.73	9.53	0.66	2.44
Total of All JDPs	1310.20	1355.07	2031.65	2233.72	2537.47	3125.92	2564.84	2985.52	2945.36	2308.28	2697.48	3199.01	3635.93
Total of All Jute Goods Export	6655.10	5953.67	6428.06	8286.05	10823.52	11862.45	10551.63	11784.93	12161.60	8594.65	18541.46	20949.60	19918.02
% Share of JDP Export to All Jute Goods Export	19.69	22.76	31.61	26.96	23.44	26.35	24.31	25.33	24.22	26.86	14.55	15.27	18.25
% Share of Floor Covering to Total of All JDPs Export	49.83	50.26	61.12	46.73	61.38	68.26	65.33	61.16	42.18	54.97	49.76	44.39	49.23
% Share of Hand and Shopping Bags to Total of All JDPs Export	35.60	37.01	30.02	47.71	31.87	28.15	27.41	37.61	56.25	42.51	46.87	51.16	46.67
Total of All JDPs Exports other than Floor Covering and Hand and Shopping Bags	190.94	172.47	180.06	124.24	171.32	111.99	186.02	36.90	46.06	58.06	90.90	142.35	149.07
% Share of All Other JDPs in Total of All JDPs	14.57	12.73	8.86	5.56	6.75	3.58	7.25	1.24	1.56	2.52	3.37	4.45	4.10

Source: National Jute Board, Kolkata, India. & IJMA, Kolkata, India

The above Table highlights the performance of diversified jute products in the export market. In 2000-01, total export of diversified jute goods was 1310.20 (Rs./Million). By 2012-13, in total export there are many ups and downs. In respect of all jute goods exported during the study period percentage of Floor Coverings and Hand and Shopping Bags is more than 83% over the period. It shows the heavy demand of jute made Floor Coverings and Hand and Shopping Bags in the global market. There

are many ups and downs in the export market because of low production, heavy demand in the domestic market, competition from other substitutes like synthetic, plastic etc. In the financial year 2006-07, 2007-08, 2008-09, 2009-10, there was a great fall in the export of jute goods; in this particular financial year Indian jute industry measured a heavy decline in production of jute goods due to various reasons and because of this it hampers the export as well as domestic market.

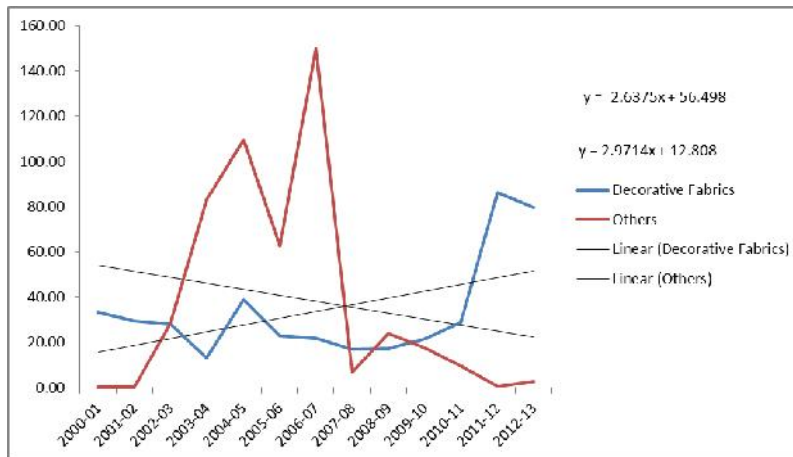
Diagram: 1 - Export of Floor Covering and Shopping and Hand Bags



The above diagram shows the trend of Floor Covering and Shopping and Hand Bags in Export market. The trend line indicates a sharp increase in the export of both the products during the study period. During the year 2006-07, 2008-09, 2009-10 there was decline in the export of both the products because of .

decline in production of raw jute and jute products. From the above diagram it can be observed that in spite of ups and downs, both the major diversified products showing positive trend lines in the export market. But due to the fluctuation their performance had been hampered

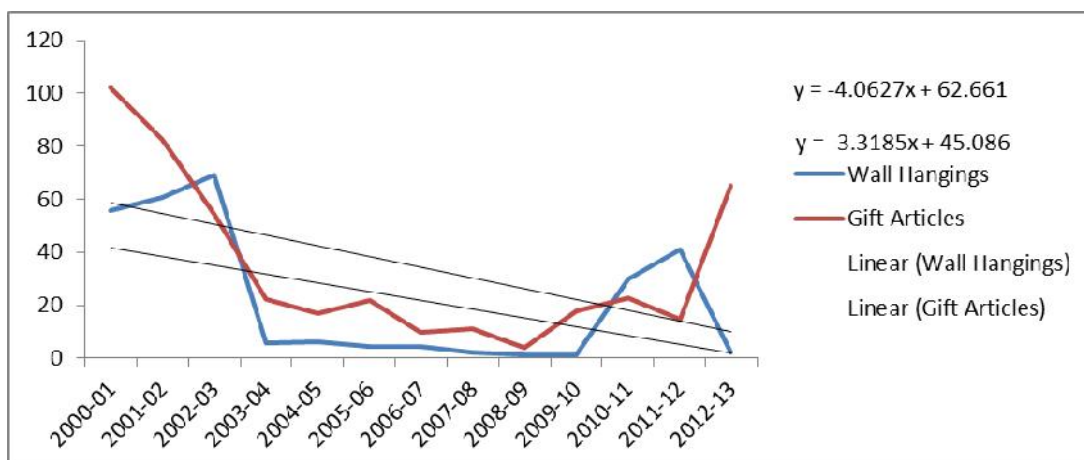
Diagram: 2 - Export of Decorative Fabrics and Others



The above diagram shows the trend line of decorative fabrics and other diversified jute products (Viz., Table Lamp, Footwares, Fashion Accessories, Jewellery Boxes, Toys, etc). It indicates that there was sharp decline in the export of other diversified jute products since 2007-08, but on the other hand up to 2010-11

the export of decorative fabrics were steady after than it has shown sharp increase since last two years. From the above diagram it can be observed that in spite of ups and downs, decorative items showing positive trend line in the export market. But due to the fluctuation performance of others diversified jute products had been hampered.

Diagram: 3 - Export of Wall Hangings and Gift Articles



The above diagram shows the export performance of wall hangings and gift articles. After 2002-03 there was sharp decline in the export of both the products. In the financial year 2012-13 gift articles has shown some positivity after a long declining period. The trend line shows the negativity of both the products if front of export market scenario of the industry. From the above diagram it can be observed that due to ups and downs, both the diversified products showing negative trend lines in the export market and their performance had been hampered in the export market.

Promotional and Distributional Activities undertaken by National Jute Board, India, to Promote Diversified Jute Products in the Global Market:-

As the National Jute Board, Government of India is apex body to take steps for promoting and distribution of Diversified Jute Products in the global market, NJB has pointed out some activities, these are as follows:

1. Open Marketing /liaison offices in key locations
 - a. For undertaking the required marketing activities there needs to be a dedicated marketing team of NJB for export market. Marketing / Liaison offices are recommended to be operated at the following locations: US, UK, UAE, Saudi Arabia, Turkey, Germany and Australia.
 - b. The key role of marketing / liaison offices to undertake various activities like promoting Indian jute products among buyers, providing Information on suppliers, products, prices etc.
2. Initiative to open warehouses for JDPs at select markets
 - a. Warehouses should be opened specifically for JDP's in key markets including US, UK, Germany, and Australia along with marketing offices.

- b. Warehouses will be used to stock standard products which can be finished in respective location and supplied to customers much faster. For e.g. shopping bags of standard sizes can be stocked in the warehouse and on receiving order from customer, the bags can be printed or customized according to customer requirements.
 - c. This will help in reducing long lead times faced by exporters.
3. Develop Online information portal
 - a. The marketing activities need to be supported by a well maintained and informative website. The current website of jute board can be used for the same. The website should be made user friendly with detailed information on Indian jute products, Supplier details, Market information, Prices of jute products, Other relevant services etc.
 - b. The website can also be designed to serve as an online buyer-seller meeting place.
 - c. Services like Online queries / enquiries etc. should be available for buyers and suppliers.
 - d. This will help in increasing awareness among the customers about Indian jute products and suppliers and make it easier for them to reach out to supplier and vice versa.
 4. Organize India Jute week in Key markets
 - a. India jute weeks should be organized in key locations like US, UK, Germany, Italy, Australia, and other major countries. India jute week will involve promotion of jute bags / other products in key retail locations.

- b. Tie up with key retailers in each country (like Walmart, Target etc.) should be established so that space can be taken up in their retail stores for a week, where in jute bags etc. should be kept and jute be promoted as an eco-friendly product.
5. Organize Workshop series with Target groups
 - a. Workshops should be organized to educate buyers and key stakeholders across the key markets like US, UK, Germany, Italy, Turkey, Saudi Arabia, UAE, Australia, and other major countries.
 - b. These workshops will include sessions on educating the buyers about new jute products and benefits of specific jute products for various applications.
6. Organize Focused Road shows (for JDPs)
 - a. Road shows can be organized in key consuming markets for JDPs like US, UK, Germany, Italy, Australia, and other major countries.
 - b. These road shows will include marketing events in key locations like major retail locations, schools and colleges etc.
 - c. The road shows will help in increasing awareness of jute amongst consumers (especially young consumers like students etc.)

CONCLUSION

From the study it is observed that jute diversified products have a highly demanded export market. But because of low production and competition from other substitutes products like plastic, synthetic, etc. has dilute the demand of jute diversified product in the global market. To retain its position in the market, a detailed research programme should be undertaken by government organizations

like NJB, IJMA, IJIRA, etc. in the areas of marketing and promotion of diversified jute products is required. Initiatives also required to take in enhancing the sphere of jute and to give the industry a new zone to expand through aggressive marketing highlighting the eco-friendly features of jute products.

The Indian jute industry is having lots of opportunity by its side; it is not only one of the oldest industries of India but also one of the major employment generating sectors of the nation. There are a lot of strengths and much opportunity to grab them but it could only be possible if it overcomes its weaknesses and threats. Jute, the golden fibre, has a potential of reaching the height where it used to be in the past, but it is only possible through constant efforts by government and a proper follow-up by the industry. After all, converting your threats into your opportunities is the success mantra for the millennium.

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