

Chapter - 8

SUMMARY OF FINDINGS AND CONCLUSION

This chapter presents the summary of findings, few suggestions and conclusion of the study.

I

Jute industry occupies an important and special place in the Indian economy. The industry is one of the important industries which have origin of the rise of modern industries in India.

Indian manufacturers produce widest varieties of jute products, each with its distinct characteristics. In fact, Indian jute goods manufacturers produce every type of jute goods whether it is traditional jute products or diversified jute products. India's strength, however, lies in traditional products. India also produces, although on a smaller scale, value added diversified jute products like geo-textiles, chemical textiles, paper and pulp, nursery sheet or nursery plot etc. Indian jute is unique for its splendid appearance of diversified products.

During pre-independence period, India was the largest producer as well as exporter of raw jute and jute products in different parts of the world. USA was the major importer of Indian jute products. But in the post-independence era, the share of jute goods export came down substantially. After independence division of Bangladesh and its emergence as competitor to the Indian jute, creates various problems for jute industry in India. In 1970's, entry of synthetic and plastic products as substitutes to jute in packaging world fallen down the demand of jute made products from the global market. Indian jute industry has been facing problems in retaining its market worldwide.

A particular strong point of the Indian jute industry is the fact that India is the world largest producer and consumer of jute products. This lucrative domestic market gives immense relief to the jute growers and manufacturers.

While the growth of the jute industry in India during the few decades, in terms of production and exports, has not been satisfactory, the following facts cannot escape our attention:

- The production of jute products when considered on a year to year basis was marked violent ups and downs; and
- India's share in the global jute production as well as global export of jute goods had been persistently declining since 1970-71. The decline was particularly stiff in recent years.

Jute industry in India is not only the one where India has been the world leader in production and consumption, but also where the country enjoys enormous advantages in terms of her long accumulated experience, market access and huge man-force. Having enormous demand in global market for jute because of its eco-friendly and biodegradable nature there also remains immense scope for expanding India's jute goods exports. But India's actual record of performance as far as export marketing of jute products has not so far been impressive. The data released by the NJB, IJMA, IJSG shows continuous decline of world –market share of India's jute products and gradual loss of ground to Bangladesh, which is known for its quality production at lower cost.

The backdrop as narrated above prompted us to undertake the present study.

The broad objectives of the study was to undertake a detailed examination of the performance of the Indian jute industry in the marketing front with particular reference to industry's handling of the marketing mix during the period 2000-01 to 2012-13. To be specific, the objectives of the study were as follows:

- To examine the trend and pattern of jute market in India and to examine the actual performance of the Indian jute industry in the marketing front;
- To analyze the pace and patterns of traditional jute products in the marketing mix of the industry in domestic as well as export market;

- To assess the performance of diversified jute products in the marketing mix of the industry in domestic as well as export market; and
- To identify the major marketing problems faced by the jute product manufacturers in India and to assess how far these problems have hindered the growth of the jute industry in India.

The period chosen for the purpose of the enquiry was 2000-01 to 2012-13. A comparison of marketing performance and marketing practices of the jute industry during the period of 2000-01 to 2012-13 (i.e., the period 13 years of this era) is undertaken in order to assess the impact of said practices and performance of Indian jute industry.

To be more specific, the study has been guided by the following *four* tentative and **a priori** hypotheses:

- There has been a significant market opening during the period 2000-01 to 2012-13 for Indian Jute Industry.
- Increased competition in the domestic market from imported jute products as well as other substitutes has forced the Indian Jute Industry to be increasingly export-market oriented in case of “traditional jute products”.
- There is a significant increase in the share of “jute diversified products” during the period 2000-01 to 2012-13.
- Appropriate coping strategy has been adopted by the Indian Jute Industry in terms of product-diversification, promotional campaign and placing strategy.

To put it otherwise, the above are the *four* questions which have been extensively investigated in course of the present study.

The study is based mainly on industry-level aggregate data. The researcher have relied primarily on the data published by the National Jute Board, India, Indian Jute Mill Association, India, International Jute Study Group, Dhaka, Bangladesh and various other associations which are associated with jute.

To gain insight as regards the marketing practices of the different firms and the intricacies of the overall marketing practices of the industry, personal visit to the

government offices related to jute industry and some company offices. In fact, extensive discussions were arranged with the top marketing official of National Jute Board, India; and purchase officer, sales officer, system manager of some companies related to manufacturing and marketing of jute products in domestic and export market.

II

The major findings of the study are summed up in the following paragraphs.

The trend and pattern of jute market in India and actual performance of Indian jute industry in the marketing front have been studied in chapter IV of the study. It is observed that, during the study period 2000-01 to 2012-13, production of jute goods had suffered a lot of ups and downs from 1624.90 Th. M. Tonnes to 1591.30 Th. M. Tonnes. The decline in production to a large extent was due to the emergence of substitutes to jute products viz., synthetics, plastic, etc. as packaging material largely available in the global market. The production trend of jute goods clearly indicates that Indian jute industry is gradually declining during the study period 2000-01 to 2012-13.

During the study period, it was observed that domestic consumption of jute products has accounted more than 80 per cent of total jute goods production in almost every financial year. Between 2000-01 and 2012-13, domestic consumption as per cent to total jute goods production in India decreased from 92.84 per cent to 78.41 per cent. The decline in domestic consumption to a large extent was the consequence of the steady increase in other packaging substitutes in domestic market.

It was also observed that due to the decline in demand of jute products from major importer around the globe is one of the vital reasons in recession of export market. The major importing countries like USA, Brazil, Argentina, UK, Italy, Australia, Saudi Arab, Japan, Egypt, Germany and many others have reduced the amount of import of jute products from India during the study period. Due to inroads of jute products from Bangladesh and many other countries at cheaper cost and availability of substitute material to jute in packaging had decline the demand of Indian jute products in international market. Moreover, there is continuous hike in import of jute products from Bangladesh to meet the demands of jute product in domestic market.

Chapter V of the study analysed the pace and patterns of traditional jute products in the marketing mix of the industry in domestic as well as in export market. Since inception, Indian jute industry had been very much dependent on production of traditional jute products for the purpose of packaging of foodgrains and many other agricultural products around the globe. The industry in course of its long history had made significant contributions to the national economy as one of the country's major foreign exchange earners. Nevertheless, it was observed that during the study period Indian industries have very much interested in producing traditional jute products as percentage to total jute goods production. The reason to produce huge amount of traditional jute products was to fulfil the domestic demand.

It was also observed that, the specifications and standards of conventional jute products have remained unchanged for decades. The industry produces a number of traditional jute products like hessian, sacking, CBC, yarn, etc. Moreover, it is observed that in the product mix the production of sacking had been occupying the major share. It was noticed that share of other traditional goods except felt made goods, production share of all other traditional jute products had significantly decreased during the study period 2000-01 to 2012-13. The share of traditional jute products had been witnessing ups and downs during the period 2000-01 to 2012-13, although it continues to remain the major component of the product portfolio in Indian jute industries.

During the period, 2000-01 to 2012-13, traditional products had marketed in domestic as well as in export market. Indian industries had maintained separate distribution network for domestic and international market. During this period, India's export to Australia, UK, Brazil, Afghanistan, Argentina, CIS and many other European countries had declined significantly. The continuous fall in export market leads to bulk domestic consumption.

The major proportion of traditional jute goods produced in India, were being sold through direct marketing or through government agencies within the country. During the study period it is also seen that government authorities like NJMC and STC or their consortium are engaged in export marketing, though in recent years it is noticed that many manufacturing industries have their own business firm to handle the overseas (export) market. Moreover, prices followed in domestic and export market

differs to a great extent. As the industry is government supported, prices are generally fixed by the government agencies associated with Indian jute. In export market price is fixed by considering different aspects of international market situation.

Promotion had been noticed as the most mistreated sector in case of traditional jute products. There is no thrust on promotion of jute products even in the era of liberalization and privatisation. In the competitive market Indian jute industry continued to follow its traditional promotional practices which often been overshadowed by aggressive promotional campaigning. Particularly, having huge potential by its side Indian jute industry is not able to create for itself a popular brand image.

Chapter VI of the study assesses the performance of diversified jute products (JDPs) in the marketing mix of the industry in domestic as well as in export market. Since its inception Indian jute industries mostly depends on production of traditional jute products. After independence significant decrease in the exports of jute goods has adversely affected the Indian jute industry. To protect the industry government has enacted JPM Act to provide a guaranteed market for jute goods within the country. In spite of all the efforts made by the Government of India, jute industries are not showing any sign of progress in the market. To tackle this problem government decided for diversification of jute products. During last two decades Indian jute industries are producing different kind of diversified jute products such as technical textiles, geo-textiles, jute reinforced composites, pulp and paper, floor coverings, home textiles, shopping bags, handicrafts, fashion accessories; apparels etc. have potential for wider use of application.

The major sources of marketing of JDPs are mainly through government authorities, NGOs, SHGs, commission agents, or through direct marketing by the manufacturers. The distribution in export market made through government authorities of NJMC and STC (State Trading Corporation) or their consortium, and direct distribution by the manufacturers. Pricing of JDPs is generally done by the manufacturing organization according to cost plus pricing. Government didn't intervene in pricing of JDPs; the manufacturers are free to set the price of their products for different markets.

In case of promotion of JDPs, proper implementations of modern promotional techniques were not taken. Though most of the jute industries look predominantly or solely towards domestic market, very little generic promotional activities could be observed for boosting jute goods sales in the domestic market. During the study period, it was noticed that there is no such advertisement in TV, newspaper which would inform about the generic qualities of jute products and urge people to purchase jute made goods. Even the limited efforts made by the National Jute Board and other Government Agencies in this direction had shown little impact on the minds of new and young generation. In this era, where advertising and electronic media are the major boosters for the promotion of products globally which is found missing in marketing practices of Indian jute industries resulted in decline of export market.

Chapter VII of the study identifies the major marketing problems face the Indian jute product manufacturers and how far these problems have hindered the growth of Indian jute industry.

During the course of the study it is observed that Indian jute industry is facing lot of obstacles in the path of flourishing progress. The major problems which are distracting the progress of Indian jute goods manufactures are as follows, threat from substitutes, keen competition from Bangladesh, primitive way of manufacturing, high prices of jute goods, inefficient to attract the customer, etc.

For further development of Indian jute industry the policy makers of Indian jute had to take some remedial measures for the growth of the industry. To make progress in production and to grab the market, the main goal of Indian jute goods manufacturers should be the quality production available at affordable price.

Suggestions for Improvement

Failure to follow modern marketing procedures and international trade practices led to the demise of jute as an important globally-traded commodity. The following are some important suggestion for further improvement in context of marketing.

(a) Redesigning of product mix is necessary

It is found that, India's strength lies in its production of traditional jute goods like Hessian and Sacking which is mainly used for packaging. During the study period

it is observed that the industry is mainly dependent on sacking products which has accounted for more than 60 percent in both the markets (export market and domestic market). Due to stiff competition from other packaging materials like plastic, synthetic, etc. which are available at lower cost than jute goods the demand of jute goods has declined in the global market. Under these circumstances reorientation of product mix is very much necessary for the industry for its survival.

(b) To promote Indian jute as a “Brand”

It has been noticed in course of the survey, Indian jute industry is dependent predominantly on demand constraints of the fixed consumers. As it is one of the oldest industries in India and at one point of time it provides a huge amount of export earnings to the government of India. But, till today, Indian jute industry is not able to earn ‘brand’ image in front of the huge world market.

(c) Implementation of green marketing concept

Jute and its products are known as environmental friendly and eco- friendly products by its nature compared to the other substitutes like synthetic, plastic etc. It has many inherent advantages like luster, high tensile strength, low extensibility, etc. Disposal of jute and jute products do not pose problem like synthetic materials. In order to meet the requirement of environment conscious consumer of jute products, ‘green’ marketing concept should be brought into practice in the entire value chain of jute sector.

With the growing awareness about pollution free environment natural fibres products made of jute are going to have huge potential for growth in the global market.

(d) Improve effective information system

Indian jute industry is often criticized by the importers for their lack of marketing information. Though in Textile Policy 2005 government has taken a step to improve the information technology (IT) sector as it is an integral part of the entire value chain of jute and the production of jute goods, and thereby facilitate the industry to achieve international standards in terms of quality, design, and marketing. But till today Indian jute industry is not yet able to improve the IT sector. Jute organizations

have to look forward for the development of IT (Information Technology) sections to facilitate consolidation and dissemination of information globally.

(e) Focus on quality improvements of jute goods

As Indian jute is facing stiff competition from neighbour country Bangladesh and other substitutes like synthetic and plastic materials, therefore it is very much necessary for the health of the industry to concentrate on improving the qualities of production. To improve the quality, a proper transformation programme is required among the manufacturers of jute goods. Besides, an appropriate training and development programme for workforce is also required to maintain the health of the business.

(f) Proper storage and warehousing facilities

Warehousing and storage facilities of raw jute need to be improved. Due to lack of storage facility of raw jute it leads to uneven supply of raw material to the manufacturing industry of jute products.

(g) More emphasis on research & development is required

Necessary initiatives should be taken at the industry level towards find customer preferences in key markets in terms of customers' requirement; expectation; quality etc. arrangements should be made for regular collection of market feedbacks from top importers or distributors in domestic as well as in export market. Undertaking market research, on a regular basis might help in knowing the tastes and preferences of customers.

CONCLUSION

The study advocates that by and large the producers of Indian jute industry are yet to appreciate the importance of adoption of the 'marketing concept' within the framework of the overall operation. The industry till today mainly focused on 'production concept'. In today's world, most of the world economies are promoting 'green marketing' and 'green packaging' of manufacturing goods. Besides having huge potential as a 'eco-friendly' and 'biodegradable' product by its nature, Indian jute goods manufactures are not yet able to grab the market. To promote Indian jute as

a 'brand' in different markets jute manufacturers along with other agencies related to promotion of Indian jute not only among the potential customers but also promote the 'golden-fibre' products to other developed countries and different parts of domestic market also.

As we all know elegance is remembered, and by its look. In order to be irreplaceable one must always be different; as fashion is an instant language in today's world, so to make jute products an irreplaceable material the jute products should owed the fashionable attire of this era for mesmerizing the customers.

The continuous apathy to the marketing aspects along with the failure to concurrence owing cognizance to the changing consumer choice, tastes and preferences on top of a severely competitive global market scenario at least partially explain the insufficient marketing performance of the Indian jute industry. This poor performance, as the study brings out clearly, is reflected by Indian jute's constantly declining export market-share and also by the industry's incapability to resist the price-volatility in its domestic marketing front.

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