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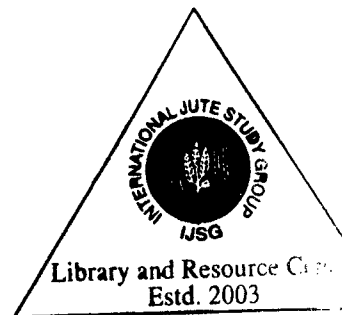
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Fast Track Implementation Agreement

Low Cost Retting of Jute/Kenaf/Mesta for Quality Up-gradation (CFC/IJSG/24FT)

between the

INTERNATIONAL JUTE STUDY GROUP

145 Monipuripara
near farmgate, TEJGAON
Dhaka-1215
BANGLADESH

the

JUTE CORPORATION OF INDIA Ltd

15N Nellie Sengupta Sarani
Kolkatta 700 087
INDIA

and the

COMMON FUND FOR COMMODITIES

1 March 2007

Fast Track Implementation Agreement

between the

INTERNATIONAL JUTE STUDY GROUP

and the

JUTE CORPORATION OF INDIA Ltd

and the

COMMON FUND FOR COMMODITIES

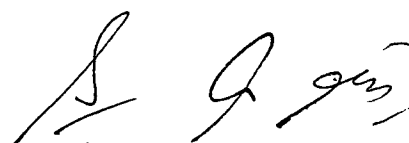
for the implementation of the project

Low Cost Retting of Jute/Kenaf/Mesta for Quality Up-gradation (CFC/IJSG/24FT)

1. The Common Fund for Commodities (CFC) has approved a grant contribution of up to USD 98,000 for the project entitled "*Low Cost Retting of Jute/Kenaf/Mesta for Quality Up-gradation*" ("the Project") the description of which is attached as Annex I hereto. CFC will provide this Grant on the basis of the terms and conditions set out in this Agreement.
2. The Project shall be implemented by the Jute Corporation of India Ltd (JCI) who will act as the Project's Implementing Agency and assume overall responsibility for the implementation of the Project and for its operational and financial management. During project implementation, JCI will closely co-operate with parties indicated in the project description and may delegate/sub-contract activities to other parties as deemed required, thereby adhering to the procedures laid down in Schedule 1 to this Agreement. JCI shall duly consult with CFC and the International Jute Study Group (IJSG) as appropriate. The activities to be undertaken under the Project are to be completed on or before 1 March 2008, or, as the case may be, such later date as CFC shall establish. CFC shall promptly notify IJSG and JCI of any such later date.
3. The Project and its budget is fully described in Annex I. The following is a summary of the costs and financing of the Project:


CFC (cash; up to)	USD 98,000
IJSG (in kind)	USD 5,000
JCI (in kind)	USD 7,000
BJRI (in kind)*	USD 7,000
Total	USD 117,000

* BJRI = Bangladesh Jute Research Institute, an institution participating in the project.

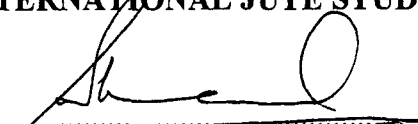


4. The amount of USD 98⁸0,000 is the maximum that CFC will make available for project activities. An amount of US\$ 9,000 for costs related to direct IJSG project supervision (US\$ 4,000) and CFC project monitoring (US\$ 5,000) is included in the total CFC contribution, leaving a balance of USD 89,000 for implementation of the project in India and Bangladesh and for coordination costs of the JCI. All disbursements by CFC from the Grant will be made in accordance with and subject to the provisions of Schedule 1. The IJSG will ensure that its committed contribution as well as that of JCI and BJRI will be made available in a timely and transparent manner.
5. Upon completion of the Project, IJSG (in consultation with JCI and BJRI as deemed appropriate) shall within one month submit to CFC a certified statement of incomes received and expenditures incurred. Advanced but unspent funds shall be immediately returned to CFC upon completion of the Project.
6. Within one month after the first six months of project operations, the JCI shall submit an interim report to the IJSG on the progress made in the implementation of the project. The report shall be commented upon by the IJSG and sent to the CFC within one month of receipt by IJSG. A Project Completion Report, reflecting the highlights of project implementation, the project's findings and achievements as well as major issues related to the management of the project, shall be prepared by JCI and submitted to CFC (through IJSG) not later than one month after completion of the Project. Copyright on this and all other reports/publications produced in the framework of this project shall rest with the CFC.
7. IJSG shall supervise the implementation of the Project as set out in Schedule 2.
8. Any amendment to this Agreement shall be made in writing and carry the signature of each of the Parties.
9. This Agreement shall enter into force upon signature by the parties concerned.
10. In accordance with CFC regulations for implementation of Fast Track projects, CFC reserves the right to suspend or cancel the Project in case of the terms and conditions of this Agreement not being adhered to.
11. Schedules 1 and 2 and Annex I constitute integral parts of this Agreement. In the case of any discrepancy between a Schedule, the Annex and this Agreement, the latter shall prevail.

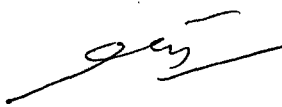
Signed for the **COMMON FUND FOR COMMODITIES:**


.....
Amb. Ali Mchumo
Managing Director
Place Antwerp
Date 16.08.07

Signed for the **INTERNATIONAL JUTE STUDY GROUP:**


.....
Mr A.F.M. Sarwar Kamal
Secretary General
Place Dhaka
Date 25-03-2007

Signed for the **JUTE CORPORATION OF INDIA Ltd:**


.....
Dr R. C. Tiwari
Chairman *cum* Managing Director
Place KOLKATA
Date 30-03-2007

SCHEDULE 1

Use of the Proceeds of the Grant Disbursements from the Grant

Section 1.01: IJSG shall cause the proceeds of all disbursements from the Grant to be applied exclusively to the financing of Eligible Expenditures. Eligible Expenditures means expenditures reasonably incurred after the date of entry into force of this Agreement in the purchase of goods and services which are to be financed from the proceeds of the Grant.

Section 1.02: IJSG shall open and maintain a bank account or a ledger account (**the Project Account**), separate from the other IJSG accounts, to receive and administer the funds received from CFC for the implementation of the Project. Withdrawals from the Project Account shall be made exclusively for payment of Eligible Expenditures. IJSG shall agree with JCI and BJRI on the necessary arrangements to make the project funding available to both project parties and determine the format of the reporting on the use thereof. If CFC shall have determined at any time that any amount deposited in the Project Account is not required to cover further payments for Eligible Expenditures, then IJSG shall, upon notice from CFC, refund such amount to CFC.

Section 1.03: (a) Upon opening of the Project Account in accordance with Section 1.02 and the receipt and acceptance by the Fund of an appropriately detailed work plan and budget, an amount of USD 75,000 shall be disbursed from the Grant and deposited into the Project Account for coverage of Eligible Expenditures, such on the basis of a request (using Form 100, Annex III of the Financial Procedures Manual) duly signed by the authorized representative of the IJSG.

(b) Upon completion of the project, or earlier if deemed required, IJSG may request the balance of the earmarked amount to be disbursed. Such request shall be supported by (i) a certified statement of expenditure and related financial information, identifying all expenditures made under the Project since the first deposit, and (ii) such other documents or information as shall be required pursuant to reporting provisions notified to IJSG by CFC. On the basis of such request CFC will disburse from the Grant and deposit into the Project Account such amount as shall have been justified by the evidence supporting such request in accordance with the above, always provided that (i) such amount shall not exceed the aggregate amount required for payment of Eligible Expenditures, and (ii) the aggregate amount to be disbursed by CFC from the Grant shall under no circumstances exceed USD 98,000.

Section 1.04: Appropriate documentation, including all original invoices and proof of payment, evidencing that all expenditures financed from the Grant were Eligible Expenditures, shall be retained by IJSG, JCI and/or BJRI in a manner which will allow easy retrieval and inspection, if and when deemed required by CFC. If so requested by CFC, designated external auditors of IJSG, JCI and/or BJRI shall undertake a partial or full audit of the Project Account (as defined in Schedule 1, Section 1.02) in accordance with terms of reference determined by CFC in consultation with IJSG. The costs of such external audits shall be met from the proceeds of the Grant or otherwise by CFC.

SCHEDULE 2

Project Supervision by IJSG

Section 2.01: IJSG shall supervise, in collaboration with CFC, the implementation of the Project. IJSG shall examine all information submitted to it by JCI (and BJRI, as appropriate) with respect to the execution of the Project. It shall assess whether the actions undertaken, the expenditures made and the results achieved by JCI conform to the provisions of this Agreement and the Project Document. It shall also assess the continued relevance of the Project activities and the prospects for the successful implementation of the Project, including impacting on the target beneficiaries.

Section 2.02: If an accurate assessment of the aspects of the Project as referred to in Section 2.01 cannot be made on the basis of the information available, IJSG shall take such steps as may be necessary to obtain from JCI the information required.

Section 2.03: IJSG shall co-operate with CFC in all respects, so as to ensure the attainment of the objectives of the Project.

A handwritten signature in black ink, appearing to be 'A. S. G. G. G.', is located in the bottom right corner of the page.

Annex I

Project Description

Project Document

Low Cost Retting of Jute/Kenaf/Mesta
for Quality Up-gradation
(CFC/IJSG/24FT)

Submitted

to

The Common Fund for Commodities (CFC)
The Netherlands

by

The International Jute Study Group (IJSG)
Dhaka, Bangladesh

January, 2007

1. Project Summary

The International Jute Study Group (IJSG) declares that the project proposed by its members and hereby submits the following Project Profile with its recommendations for financing by the Common Fund. The proposal was approved at the Sixth meeting of the Committee on Projects (COP) held on 27-28 December, 2005.

- 1.1 Project Title : Low Cost Retting of Jute/Kenaf/Mesta for Quality Up-gradation
- 1.2 Project Duration : 12 (twelve) months
- 1.3 Location : Bangladesh and India
- 1.4 Nature of the Project:

A research and development project for establishment and adoption/ popularization of a cost effective method of retting for quality up-gradation of jute/kenaf/mesta fibre, developed by the Jute Corporation of India Ltd. (JCI). It was found that if the quality of the jute/kenaf/mesta fibre can be upgraded by one grade only, the problem of short supply of high-grade fibre of the producing countries would be solved to some extent.

- 1.5 Brief Description:

Aim of the Project:

The project aims at establishing and popularising a simple, cost-effective improved retting technology suitable for up-gradation of fibre quality/grades through dissemination of the technology to the actual jute growers of India and Bangladesh with the ultimate goal of sustainable production of good quality jute and allied fibres in the countries. The project will also try to compare other proven quality improvement techniques developed by different research institutions.

Specific Objectives:

- To establish a low cost appropriate and improved retting technique for the production of good quality jute and allied fibres.
- To generate useful, more detailed and specific information regarding up-gradation of fibre quality, retting time, effect on water quality, actual cost benefit etc. in order to recommend the technique for retting of jute/kenaf/mesta to the growers.
- To disseminate the improved retting technique to the actual farmers/ growers through training and practical demonstration.
- To exchange ideas, information and experience among the farmers/growers and the trainers through group workshops; and establish and popularise the simple retting technology for production of quality fibre of jute/kenaf/mesta.
- To compare with other proven quality improvement techniques developed by different research Institutes.

Project Components:

- a) Area selection for demonstration of the retting technology.
- b) Selection of beneficiary/recipient of the improved retting technology.
- c) Training & Dissemination.
- d) Publication/Documentation

Expected results:

It is expected that the jute/kenaf/mesta growers will be financially benefited by producing good quality jute fibres and up-grading the low grade & barky fibres. And as such the country as a whole will be economically benefited through exporting good quality jute fibres and also in expanding jute diversification through adequate/sufficient supply of better quality/higher grade fibre of jute/kenaf/mesta.

Beneficiaries:

The proposed project, if successfully completed, will enable the farmers to produce better grade/quality jute/kenaf/mesta at least by one grade through adoption of improved retting technique and benefit jute industry and trade by increased supply of superior fibre. Therefore, the direct benefit of the project will come to a large number of poor farmers of jute and allied fibres with the ultimate benefit of the jute sector.

1.6	Estimated Total Cost:	US\$ 117,000
1.7	Financing sought from the Fund:	US\$ 98,000
1.8	Mode of Financing sought from the Fund:	CFC Grant
1.9	Counterpart Contribution:	US\$19,000 (in kind)
1.10	Supervisory Body:	International Jute Study Group (IJSG)
1.11	Project Executing Agency (PEA):	The Jute Corporation of India Ltd. (JCI)
1.12	Project partner:	Bangladesh Jute Research Institute (BJRI)
1.13	Estimated starting date:	March 2007

Logical Framework

Low Cost Retting of Jute/Kenaf/Mesta for Quality Up-gradation

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
<p>Goal: To upgrade fibre quality/grades of jute/kenaf /mesta through dissemination of a simple cost effective improved retting technology to the actual growers of India and Bangladesh with the ultimate goal of sustainable production of good quality jute and allied fibres in the countries.</p>	<p>Fibre quality up-graded through use of an improved retting technology/technique.</p>	<p>Improved quality of fibre.</p>	<p>Farmers will adopt the recommended technique.</p>
<p>Project Purpose: (a) To establish a low cost appropriate and improved retting technique for the production of good quality jute and allied fibres.</p>	<p>An appropriate improved retting technique established.</p>	<p>Recommended retting technique.</p>	—
<p>(b) To generate useful and detailed information regarding up-gradation of fibre quality in order to recommend the technique for retting of jute/kenaf/mesta.</p>	<p>Data on fibre quality and retting period obtained</p>	<p>Data available</p>	—
<p>(c) To disseminate the improved retting technique to the actual farmers/ growers through training and practical demonstration.</p>	<p>Training & demonstrations conducted.</p>	<p>Farmers /growers trained through practical demonstration.</p>	—
<p>(d) To exchange ideas, information and experience among the farmers/growers and the trainers through group workshops; and establish and popularise the simple retting technology for production of quality fibre of jute/kenaf/mesta.</p>	<p>Workshops held with groups of farmers.</p>	<p>The improved retting technique disseminated.</p>	—
<p>(e) To compare with other proven quality improvement techniques developed by different research Institutes.</p>	<p>Growers were informed of other developed retting technologies/techniques.</p>	<p>Growers' knowledge increased.</p>	—

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
Outputs: (a) Low/medium grade fibre producing areas identified.	Information/data collected on various jute/kenaf/ mesta growing areas	Data available	<p align="center">—</p>
(b) For disseminating the technology at micro-level, to actual farmers/growers in different jute/kenaf /mesta growing areas in the respective countries, identified.	Farmers/growers identified.	Information on interested farmers available	<p align="center">—</p>
(c) The retting technology disseminated to 8,000 growers/ farmers through field level training and practical demonstrations.	Training & demonstration conducted.	Trained farmers.	<p align="center">—</p>
(d) With the help of the trainers of the participating institutions and the technology adopted in the farmers' fields.	The technology adopted.	Application of the technology.	<p align="center">—</p>
Activities: 1) To collect information/data on various jute/ kenaf/mesta growing areas. (2) To contact and select jute growers interested in adopting the technology, provide necessary instructions. 3) To organise preliminary co-ordination cum training Workshop for the trainers of the project. (4) To a team of rural agents to be trained under the project, conduct field level training and practical demonstrations with the selected jute growers. (5) To publicize the technology and motivate the jute growers about the benefits of the technology.	Data collected. Jute growers contacted and selected for the transfer of the technology. A team of rural agents/field workers trained. Field training and practical demonstrations conducted. Posters/leaflets etc. on the technology & its benefits published and more & more growers motivated to adopt the technology.	<p align="center">Report</p> <p align="center">”</p> <p align="center">”</p> <p align="center">”</p>	<p align="center">—</p>

Low Cost Retting of Jute/Kenaf/Mesta for Quality Up-gradation

A. Project Background and Commodity Strategy

Project Background

Origin:

Retting is the most important and predominant of all the factors influencing the fibre quality. It is a biological process in which the bast fibres are extracted by decomposing the plants through the joint action of water and aquatic microorganisms, mostly bacteria.

Retting along with other factors influences the main characteristics or parameters which determine the quality of fibre like strength, colour, lustre and texture of the fibre including cuttings i.e. the hard bottom parts of the fibre.

In fact, there is a great economic significance of fibre quality. In the context of present situation in which a severe competition between jute and synthetic fibres is going on in respect of fineness, strength and price, the future of jute fibre greatly depends on its quality.

High quality jute fibre is required for the production of fine jute yarn, high quality finer/softer jute fabrics for apparel and household applications, shopping/ carry bags, gift articles, rope soled shoes/espadrilles, carpet backing cloth (CBC)/ carpets, other diversified/value-added products etc. On the other hand, lower grades of jute are used in producing mainly ropes/twines, sacking, sacks/ gunny bags, coarse hessian, matting/bedding, agro-textiles i.e. nursery pots/sleeves, jute geo-textiles, composites etc. and for producing 'soil savers', a kind of jute geotextiles used for erosion control of top soil, the lowest grade of jute is utilised.

In the face of competition from synthetic packaging materials and bulk handling techniques, demand for jute sacking/ sacks/ packaging materials, the most important traditional product of jute, representing about half of the industry's output, produced from lower grades of jute is shrinking. As a result the jute industry has little choice but to move towards 'diversified' products. The yarns/fabrics used in such applications are generally finer and considerably higher in quality, requiring higher quality fibre. Obviously, the jute industry is the body that is most directly interested in better quality fibre.

It is obvious that the facilities and problems of jute retting, prevailing all over the jute growing areas, are not same. Hence emphasis has always been given towards location specific problems. As jute retting is a microbiological process, in the past, a good number of researches were undertaken on microbiological aspects of retting. The microbial mechanism of retting and the microbes of the retting water of different places were studied in terms of its morphological & physiological characters and retting capabilities. Attempts were made to utilize the promising micro-organisms in the practical field for reducing retting period and improvement of fibre quality, but only a limited success was achieved.

Different techniques of retting are being practised and adopted by the farmers in different jute producing countries. For normal and proper retting huge volume of water is necessary. But jute cultivation has now shifted or is continually shifting to marginal lands where there is scarcity of water.

In order to solve the retting problems with efficient use of water especially in jute growing water scarce areas, various methods of retting viz. chemical, biological, mechanical, ribbon retting, dry retting, etc. including some retting machines like ribboner, fibre extractor, decorticator etc. were evolved/ developed by the R&D organisations of both Bangladesh and India from time to time in the past. But hardly any of these techniques/ methods or machines like ribboners/decorticators has become popular among the growers or is being practised in the farmers' level. It is mainly due to the reason that the evolved jute/kenaf/mesta retting techniques/methods/machines were not found techno-economically feasible /acceptable to the growers or were not adequately/properly disseminated and demonstrated to the farmers in a concerted way.

Normally farmers are reluctant to adopt new practices unless these can be shown to work reliably in their own local environment that leads to higher incomes.

The major constraints in the adoption of new improved techniques/practices by the farmers which have been so far identified are i) lack of publicity, ii) inadequate effort for dissemination/demonstration, iii) not cost-competitive, iv) requirement of additional machines/tools/ equipment, v) need of additional labour etc.

In some cases, lack of adequate premium/ incentives to the actual farmers for higher grade fibres especially in the primary market, may also be the cause for low uptake of improved retting practices.

Main theme:

The main theme of the project is to upgrade fibre quality through the use of a simple and cost effective method of jute/kenaf/mesta retting, developed by the Jute Corporation of India Ltd. (JCI) in order to solve the problem of short supply of high grade/quality fibre, successfully, in both India and Bangladesh.

The project will also try to compare other economic retting techniques/methods already proven as fibre quality improvement techniques.

Current Status:

The development of the jute sector depends on the increased share of jute products in the world market particularly for diverse applications. With the increasing emphasis on diversification of jute, demand for better quality fibre has increased. But its supply has drastically reduced since the last decade and it has become a major concern to all the stakeholders.

The workshops and seminar that were recently organised by IJSG under a Road Map Project (CFC/IJSG/20FT) for formulating a Road Map for the jute sector particularly identified short supply of good quality fibre as one of the main impediments towards expansion of jute diversification. Retting has been emphasized as one of the most important determining factors responsible for fibre quality. Adoption of suitable/appropriate improved retting practices, as envisaged in this project, is seen as an easy way out of this problem in the production of better grade/quality fibre.

The Road Map report has recommended a broad approach which includes, inter alia, instruction to farmers on improved cultivation and retting techniques, practical demonstrations, minimising need of water for retting and extraction/ mechanised stripping through use of ribboners etc. for the production of higher grade/better quality fibre.

Commodity Strategy:

The new development strategy for jute and allied fibre, that is currently in force, has been prepared/designed with increasing commitment to exploit/harness new opportunities created through the major changes that took place in jute sector during the last two decades, particularly, in view of the current global awareness of the environmental issues.

Improvement of fibre quality has been one of the key elements of this commodity strategy. Under this element of the strategy, production possibility of better quality/ grade fibre through improvement in retting practices has been specifically recognised.

With the available technology for producing finer/higher quality of yarns and fabrics and the scope for increased competitiveness with synthetic substitutes demand for increased production of higher quality fibre is inevitable.

Project Identification:

To elucidate more information a Workshop on "Modern Technologies of Retting of Jute" was held in the IJSG Headquarters, Dhaka organised by IJSG on 15 September, 2004 which was participated by the experts in the relevant fields from different organisations/institutions/agencies of Bangladesh, India and Nepal. Advantages and disadvantages of various developed techniques/methods including chemical, biological, mechanical retting along with machines like manual ribboner, mechanical ribboner/decorticators etc. were discussed in the workshop. In order to arrive at definite conclusions/recommendations regarding technical and economic feasibility of different retting techniques there had been fruitful interactions among the participants in the Workshop.

A paper on an improved retting technique, evolved by the Jute Corporation of India Ltd. (JCI) with slight modification of the conventional retting practice, was presented in the workshop. This technique has been found to be simple, effective and acceptable to the farmers in India in consideration that it improves the fibre quality by at least one grade within a shorter retting period/time without deteriorating the quality of water and almost without any additional cost involvement.

Subsequently, a project proposal entitled "Low Cost Retting of Jute/Mesta for Quality Up-gradation" was received from JCI and placed in the Sixth meeting of the Committee on Projects (COP) of IJSG held during 27-28 December, 2005 for consideration.

The Committee reviewed and approved the Project Proposal and suggested to include BJRI in the project and authorised the IJSG Secretariat to take necessary steps for seeking funds for the project from CFC.

B. Project Objectives and Rationale

Objectives:

Serious attention is increasingly being focussed on the increased and sustained production of quality jute fibre, particularly, in the major jute producing countries like India and Bangladesh.

The research and some extension works on retting techniques/methods/ practices that have so far been undertaken have not resulted in any useful extension success /messages through acceptance/adoption of those techniques by the jute growers.

Retting of jute/kenaf/mesta is done by traditional method learnt through experience. The common farm practice remains collecting whole plants in bundles after shedding leaves and then submerging these bundles in the retting area. The whole plants are submerged by using some undesirable weighing materials like mud, earth clog etc. The entire retting process takes around 15 days. The mud melts down and contaminate the water rendering it progressively unfit for subsequent retting. Sometimes due to insufficient/ no loading material placed over the plant bundle and direct exposure of sunrays, the upper portion of the plant is not properly retted resulting in poor quality fibre. In spite of a few proven technology of jute retting to improve the fibre quality, the farmers' response remains low purely on economic consideration. In general farmers are hesitant to practice any improved technique involving substantial investment on their part. Therefore the prerequisite of a grower friendly quality up-gradation technique should be a simple easily adoptable low cost method.

In the context of the above, development and popularisation of a simple, cost-effective improved retting technology suitable for up-gradation of fibre quality/grades having potential for sustainable production of good quality jute and allied fibres through dissemination to the actual jute growers of India and Bangladesh has become imperative.

With this end in view the following specific objectives have been envisaged under the project:

- To establish a low cost appropriate and improved retting technique for the production of good quality jute and allied fibres.
- To generate useful, more detailed and specific information regarding up-gradation of fibre quality, retting time, effect on water quality, actual cost/ benefit etc. in order to recommend the technique for retting of jute/kenaf/mesta to the growers.
- To disseminate the improved retting technique and provide information on grades/grading system to the actual farmers/ growers through training and practical demonstration.
- To exchange ideas, information and experience among the farmers/growers and the trainers/field supervisors through group workshops and establish and popularise the simple retting technology for jute/kenaf/mesta.
- To try to compare other proven quality improvement retting techniques developed by different research Institutions.

Rationale:

Jute farmers are characterized as marginal with small land holding, large family size, and weak financial status. As a result their stock holding and bargaining powers are poor. These limitations set the pace of arrival of fibre in the market which has a bearing on the price.

Raw jute in its journey from field to local mills and to export points may pass through four different marketing tiers: i) Village/doorstep, ii) Primary market/ Haat, iii) Secondary market and iv) Terminal market i.e. port of shipment/export etc.

The primary market remains active for a few months only as the marginal farmers cannot hold on to their produce for a long time. Due to lack of knowledge of different grades /grading systems of jute fibers, the jute growers, quite often, are deprived of proper gradewise price for their produce.

Bangladesh Situation:

In Bangladesh, the Mill owners, the private jute traders and jute exporters buy raw jute from the primary market. Private jute trading involves a number of intermediaries which add up costs on account of sorting, transportation, profit margin etc.

Internal marketing of jute involves a number of operations such as assembling, transporting, sorting, grading, and baling/exporting. These operations are done at different stages by a number of middlemen who form a link between producers and consumers. The middlemen who operate at various stages constitute the set-up of the Jute market. The Government of Bangladesh does not determine any Minimum Support Price for raw jute like that in India. Hence, the prices of raw jute in the primary markets vary from season to season depending on the harvest as well as demand.

In Bangladesh both White/Tossa jute fibre and Mesta/Kenaf are categorised as grade names Special, A, B, C, D & E in descending order of fibre quality. 'Special' being the best quality A & B grades are considered as superior/higher quality fibre, whereas 'C' to 'E' grades are increasingly inferior quality, 'E' being the most inferior. Further inferior fibre to 'E' is again graded as Rejection and Cuttings A and Cuttings B, designated by 'R'; 'CA' and 'CB' respectively. Therefore, BW Special, BWA, BWB... etc. and BT Special, BTA, BTBetc. respectively stands for Bangla White Special, Bangla White A, Bangla White B and Bangla Tossa Special, Bangla Tossa A, Bangla Tossa B ...etc.

Indicative price of different Pucca grades of White and Tossa jute fibre for Bangladesh Domestic market (December 2006) is given below:

Fibre grade/quality	Cost in Taka per metric ton
BWSpecial/BTSpecial	32,000-33,000
BWA/BTA	31,000-32,500/
BWB/BTB	29,500-32,000/
BWC/BTC	27,000-31,000/

BWD/BTD	26,000-27,000/
BWE/BTE	24,000-25,000/

1 US\$ = approx. Taka 70/- (Bangladesh Currency)

From the above table it is evident that there exist price differentials for the various grades of jute fibres mainly for Secondary and Tertiary domestic markets and export markets.

At present the availability of the higher grades of jute is declining in Bangladesh as a result it is having difficulty in catering to the increasing demand of higher grade fibre of the jute industry. Bangladesh once known as the producer of best quality raw jute in the world is finding it difficult to maintain that image. The best quality fibres like 'Special' grade of both White and Tossa jute are rarely available in the market.

A gradewise export data of raw jute for the period 2004-2005 in comparison to that of the period 1994-1995, shown in Tables below is indicative of the gradual decrease in the supply of better/ higher grade fibre.

Grade wise Export of Raw Jute for 2004 – 2005 (Bangladesh)

Grade Identity (White)	Quantity Exported in lac bales	Grade Identity (Tossa)	Quantity Exported in lac bales
BWA	-	BTA	168
BWB	2,440	BTB	587
BWC	5,569	BTC	68,281
BWD	18,985	BTD	211,900
BWE	7,956	BTE	472,894
BWR	18,162	BTR	418,423
BWCA	16,837	BTCA	218,064
BWCB	18,472	BTCB	181,800
Total	88,421	Total	1,572,117

Grade wise Export of Raw Jute of 1994 – 1995 (Bangladesh)

Grade Identity (White)	Quantity Exported in lac bales	Grade Identity (Tossa)	Quantity Exported in lac bales
BWA	100	BTA	738
BWB	5,817	BTB	57,676
BWC	23,633	BTC	288,316
BWD	57,587	BTD	367,494
BWE	132,952	BTE	325,259
BWR	6,933	BTR	44,542
BWCA	34,846	BTCA	197,602
BWCB	47,923	BTCB	128,199
Total	309,791	Total	1,409,746

1 bale = 180 kg

India Situation:

In India, in order to bring in some sort of equilibrium between the demand and supply the Jute Corporation of India (JCI) and the Co-operatives have a big role to intervene in the markets, particularly during the initial 5-6 months of the jute season.

Price is being determined by assessing the grade composition of the lots since growers bring their produce of different grades to the market, in mixed form i.e. unsorted. This loose jute brought in mixed form is then assorted and packed into bales for delivery to the ultimate consumers, i.e. Jute Mills. The price offered at Primary Markets depends on the ruling market rate of jute at the terminal market. The price factor depends mainly on demand and supply ratio.

JCI has 171 Departmental Purchase Centres located in the Primary Markets in all the jute growing districts of India and procure jute in Minimum Support Price from the growers directly. There is also provision for incentives to the growers for producing higher quality fibre (grades 4 and above).

This is mainly because one of the major problems faced by the Indian Jute Industry is the short supply of high-grade raw jute and excess supply of low-grade fibre. In India, the term high grade generally refers to grades 1 to 4, grade 1 being the top grade, whereas low grade refers to grades 6 to 8, grade 8 being the lowest grade, while grade 5 is accepted as the base grade. The Jute Mills in India are required to Import around 4 – 5 lakh bales of high grade jute per year for manufacture of finer fabrics/yarn. The average grade/variety-wise profile of raw jute produced in India vis-à-vis estimated requirement is given below:

Variety Break up (India)

Tossa	78%
White	10%
Mesta	7%
Kenaf	5%

Grade/Variety-wise Break up in Percentage (India)

Grade	Grade-wise Break up %	Targeted Output %
1&2	2%	3%
3	9%	12%
4/M2/S.MID	25%	35%
5/M3/MID	33%	33%
6/M4/BOT	16%	12%
7/M5/B.BOT	11%	4%
8/M6/X.BOT	4%	1%

a) **Technology base of the Project**

This is only a slight modification of the traditional retting process. After bundles of jute crop is placed for retting in the water:

- i) A piece of old/discarded jute cloth of heavy construction (or gunny) is spread over the top to cover the jak (the plant bundles). The end portion of the gunny would touch the water surface so that capillary action would prevent the crop from drying up and ensure smooth retting.
- ii) Non-contaminating loads were made by packing sand or brick/stone chips in bags and sewing them. These reusable bags were used to submerge the jute crop.
- iii) During the retting period, whenever the farmers has a chance to go to the site, he can splash a bucket of water or two from the same place over the fabric covering the crop. This would allow intake of fresh water on the top portion and carry down the waste material absorbed in the top portion.

JCI has perfected the technology and has demonstrated the same for two consecutive years.

The result of the trials in India done by JCI during the season (2003-04) is given below:

Places of trial in India	Control Jak Result of retting using Conventional method			Experimental Jak Result of retting using low cost Retting technology		
	Grade Outturn	Percentage	Retting time	Grade Outturn	Percentage	Retting time
Kolaghat	TD4	10%	15 Days	TD3	90%	12 Days
	TD5	90%		TD4	10%	
Balichak	TD4	60%	15 Days	TD3	100%	12 Days
	TD5	40%				
Gulabbagh	TD5	100%	20 Days	TD4	75%	12 Days
				TD5	25%	
Baraandulia	TD5	50%	18 Days	TD4	50%	15 Days
	TD6	50%		TD5	50%	
Golabari	TD4	65%	15 Days	TD4	100%	12 Days
	TD5	35%				
Duttapukur	TD5	90%	15 Days	TD4	60%	12 Days
	TD6	10%		TD5	40%	
Champadanga	TD5	80%	15 Days	TD4	100%	12 Days
	TD6	20%				

b) Present Task

The task now remains is to disseminate this technology to the micro level in a concerted way instead of isolated manner so as to prove its worth and make it popular among the growers and benefit them out of this simple innovative method.

c) Methodology of the project

India:

- i) The project would be implemented at selected jute growing areas through JCI's potential 25 Departmental Purchase Centres in South Bengal, North Bengal, Bihar, Assam, Orissa and Andhra Pradesh.
- ii) A total of 4000 jute farmers – 160 farmers of each of the 25 centres of JCI spread over the jute growing states of India would be selected for training and dissemination of the technology.
- iii) 160 jute growers of each of the 25 centres will be trained up in 4 batches with 40 farmers in each batch with the improved retting techniques.

Bangladesh:

- i) The project would be implemented at selected jute growing areas of Bangladesh through the regional stations & sub-stations of Bangladesh Jute Research Institute (BJRI) at Rangpur, Kishoreganj, Faridpur, Chandina (Comilla), Monirampur (Jessore), Tarabo (Narayanganj), Nashipur (Dinajpur) and Manikganj.
- ii) A total of 4000 jute farmers, 500 farmers in each of the 8 stations/sub-stations of BJRI, would be selected from the surrounding area for training & dissemination of the technology.
- iii) 500 jute growers of each of the 8 stations will be trained up in 10 batches with 50 farmers in a batch with the improved retting techniques.

d) Project Duration: 12 months (March 2007 – February 2008)

C. Project Components

- Component 1:** Area selection for demonstration of the retting technology
- Objective:** Identification of selected jute-growing areas producing medium/low grade jute.
- Output:** Low/medium grade fibre producing areas identified.
- Activity 1.1:** *To collect information/data on various jute/kenaf/mesta growing areas.*
- Component 2:** Selection of beneficiary/recipient of the improved retting technology
- Objective:** Identification and selection of beneficiaries suitable for technology dissemination.
- Output:** Farmers/growers in different jute/kenaf/mesta growing areas in the respective countries identified for disseminating the technology at micro-level.

Activity 2.1: To contact and select jute growers interested in adopting the technology.

Component 3: Training & Dissemination

Objective: Dissemination of the technology through training and demonstration to the farmers in groups.

Output: The retting technology disseminated to 8,000 jute growers/farmers through field level training and practical demonstration.

Activity 3.1: A preliminary coordination cum training workshop to train a team of extension (rural) agents to act as the trainers of the project (for example, in case of Bangladesh, relevant field workers of the Department of Agriculture Extension (DAE), Department of Jute (DOJ), local NGO people and concerned BJRI personnel at the beginning of the project.

Activity 3.2: To conduct theoretical and field training to the identified farmers with practical demonstrations in the selected locations of India and Bangladesh.

Component 4: Publication/Documentation

Objective: Documentation and popularisation of the technology at the farm level.

Output: Publication of posters /leaflets /booklets on the technology to motivate more and more jute growers in adapting the technology.

Activity 4.1: To publish documents like posters, leaflets, booklets etc. on the technology so as to motivate the jute growers about the benefits of the technology.

D. Broad Project Cost and Financing

Summary Cost Table

		India	Bangladesh	Total
	Target Farmers	4000	4000	8000
	Budget Heads	US\$	US\$	Total in US\$
1	Demonstration Training	14,000	14,000	28,000
2	Material supplies (including ribboner) & Labour	10,000	10,000	20,000
3	Honorarium of Trainers & Travel	8,000	8,000	16,000
4	Dissemination/Workshops (4 in India & 4 in Bangladesh)	8,000	8,000	16,000
5	Publication/documentation	1,000	1,000	2,000
6	Contingencies	500	500	1,000
	Total	41,500	41,500	83,000

7	Coordination , Monitoring & Supervision			15,000
	a) PEA Co-ordination	6,000		
	b) IJSG Supervision	4,000		
	c) CFC Monitoring	5,000		
8	Counterpart Contribution (in kind)			
	Participating Institutions	7,000	7,000	14,000
	IJSG			5,000
	5,000			
Grand Total				117,000

Detailed Summary Cost table, details of counterpart contributions, detailed budget break ups for project activities in Bangladesh and India are given in Annex-1, Annex-2, and Annex-3 & Annex-4 respectively.

Counterpart Contribution

The participating organisations/institutions i.e. The Jute Corporation of India Ltd. (JCI) and Bangladesh Jute Research Institute (BJRI) would provide human and physical resources including use of research facilities, experimental fields etc. for implementation of the project as their in-kind contribution to the project to the tune of US\$ 14,000 (*Details in Annex-2*).

The tentative total cost of the budget, proposed to be financed is as follows:

Financing Proposed	Amounts (US\$)	% of Total Cost
CFC Grant	98,000	84
Counterpart Contribution (in kind):	14,000	12
JCI	7,000	
BJRI	7,000	4
IJSG Contribution (in kind)	5,000	
Total	117,000	100

E. Organisations involved and Responsibilities

a) Supervisory Body

The International Jute Study Group (IJSG) as the concerned International Commodity Body and sponsoring organisation will be the supervisory body for the proposed project, as is customary with CFC supported projects.

As Supervisory Body the IJSG will ensure that the objectives set out in the project are achieved. It will work in close liaison with the PEA (see below) and the Common Fund to ensure the successful execution of the proposed project. The Supervisory Body will supervise the project by examining all the information submitted to it by the PEA on project implementation, actions taken, expenditures made and results achieved.

In addition, IJSG, the Supervisory Body would facilitate disbursement of CFC fund to the PEA (JCI) and the project partner (BJRI) through IJSG.

b) Project Executing Agency (PEA)

The Jute Corporation of India Ltd. (JCI) will implement the India part of the project. As project proponent JCI will also act as the PEA for overall coordination and project implementation.

JCI with its 171 centres all over India being manned by experienced Managers and Staff have already acquired experience through execution of similar projects in earlier years. The centres being situated in rural belts have direct access to the growers and can be utilized as effective instrument to make the project successful.

JCI is an Enterprise under the Government of India. It was established by the Government of India in 1971 to function as the official agency in implementing its policy for providing minimum support price to the jute growers and to serve as stabilising agency in the raw jute sector.

By gradually establishing a large number of procurement centres in the seven major jute growing States in the Country i.e. West Bengal, Bihar, Assam, Meghalaya, Tripura, Orissa and Andhra Pradesh, JCI has spread its network.

In addition to the routine activities of the Corporation, as is decided from time to time, JCI also takes initiatives in undertaking some R&D works for the development of the raw jute sector. JCI has, thus, developed and perfected the technology, under discussion, through its centres.

Throughout the project period, JCI would directly execute the activities of the India part of the project and keep close liaison with Bangladesh Jute Research Institute, the other project partner, the funding organisation and the Supervisory Body for the overall project implementation.

The PEA will be responsible for the execution of the project in accordance with the Project Agreement. The key responsibilities of PEA will be to:

- Ensure a disciplined and co-ordinated approach in training and disseminating the technology to the actual farmers involved in the project.
- Arrange co-ordination meetings with the trainers of the project especially of Bangladesh regarding dissemination of the technology (at the beginning of the project).
- Communicate with the project partner on any development and/or concerns of the stakeholders and address them to the extent possible.
- Collect and compile Half-yearly and Final/ Project Completion Report (PCR).

c) Project Partner

Bangladesh Jute Research Institute (BJRI), Dhaka

BJRI will implement the Bangladesh part of the project.

BJRI is the oldest monocrop research institute of Bangladesh on jute and allied fibres. It has both agricultural and technological research wings, undertaking a wide range of research activities. About 150 scientists and technical personnel are working under 10

Divisions, covering different broad disciplines, including a well equipped Fibre Quality Improvement Division.

This Fibre Quality Improvement Division is particularly engaged in R&D activities on post harvest, processing technologies like retting etc. for fibre quality improvement.

There are altogether eight regional stations and sub-stations, located in the districts of Kishoreganj, Comilla, Rangpur, Faridpur, Jessore, Narayanganj, Manikganj and Dinajpur under the Agriculture Wing of BJRI. Through these stations /sub-stations the project would be implemented with the experienced field staff and resource persons of BJRI.

In addition, a team of people from the Department of Agriculture Extension (DEA), Department of Jute (DOJ), and local NGOs would be involved in the project as rural agents for further promotion and transfer of the technology to more and more jute farmers even after the completion of the project.

F. Beneficiaries & Benefits

The project is envisaged to up-grade the quality of jute/kenaf/mesta fibre at least by one to one and half grade through the improved retting technology.

The technique would not only improve fibre quality but take less number of days/ period for retting. The process keeps the water clean and is environment-friendly.

The project would be helpful in educating the jute/kenaf/mesta growers with a new method of retting and simultaneously in increasing the over all production of better quality raw fibres in the respective countries. As the project proceeds more and more farm families are likely to adapt this technology and this would have a snow-balling effect all over the jute/kenaf/mesta growing areas whereby the total increase in farmer's return would be manifold.

The Jute industry will also benefit from the successful implementation of the project.

G. Issues & Follow -up Actions

On successful completion of the project the technology is likely to be adapted /disseminated to more interested jute/ kenaf/ mesta farmers/ farm families in the respective countries, through the already trained farmers in support of the field supervisors and the concerned field workers as experienced rural agents.

The project duration will be 1 (one) year.

Low Cost Retting of Jute/Mesta for Quality Up-gradation

Detailed Summary Cost Table

		India	Bangladesh	Total
Target Farmers		4000	4000	8000
Budget Heads		US\$	US\$	Total in US\$
1	Demonstration Training	14,000	14,000	28,000
2	Material supplies (including ribboner) & Labour	10,000	10,000	20,000
3	Honorarium of Trainers & Travel	8,000	8,000	16,000
4	Dissemination/Workshops (4 in India & 4 in Bangladesh)	8,000	8,000	16,000
5	Publication/documentation	1,000	1,000	2,000
6	Contingencies	500	500	1,000
Total		41,500	41,500	83,000
7	Coordination, Monitoring & Supervision			15,000
	a) PEA Co-ordination		6,000	
	- Preparatory/Co-ordination Meetings/ Workshops & Technology Demonstration in India and Bangladesh	1,750		
	- Travel cost & DSA of PEA	3,500		
	- Reports (Interim/half-yearly & Final/PCR)	750		
	b) IJSG Supervision		4,000	
	- Physical supervision of project implementation in different locations of Bangladesh and India (2/3 visits to India and 3/4 visits to Bangladesh project sites)	3,500		
	(Travel/Transport/DSA)	500		
	- Discussions & meetings at IJSG (as and when necessary)			
	c) CFC Monitoring		5,000	
8	Counterpart Contribution (in kind):			
	Participating Institutions	7,000	7,000	14,000
	IJSG			5,000
Grand Total				117,000

Details of Counterpart Contributions (in kind)

A. Participating Institutions (JCI/BJRI):

1. Office space, furniture, air-conditioners, computers, experimental fields/labs, equipment in the headquarters & different stations/sub-stations of BJRI in Bangladesh and different centres of JCI, in India.
2. Utilities/ services – electricity, telephone, postage, fax & other support services
3. Staff time for maintenance of accounts/ financial activities, technical and supporting staff.

B. IJSG:

1. Use of stationery, photocopying, telephone, fax, email/internet services, postage/courier etc.
2. Support in terms of handling of accounts for receiving & disbursing project funds.
3. Advisory, coordinating and supervisory support of IJSG at the level of Secretary General, Operations Officer and other concerned staffs.

A Detailed Budget for the Project Activities in Bangladesh (Indicative):

		Bangladesh		Total
Target Farmers		4000		8000
Budget Heads		*Taka	US\$	Total in US\$
1	Demonstration Training Number of beneficiaries: 50 farmers x 10 batches x 8 stations = 4000 farmers Cost (Honorarium/others): Tk 245/ farmer x 4000 farmers	980,000 980,000	14,000 14,000	28,000
2	Material supplies (including ribboner) & Labour (a) Ribboner: Tk.3000 x 7 Nos. (7 ribboner per station)=Tk.21000 x 8 stations/sub-stations. (b) Others Inputs: Tk. 33,425 x 8 stations (c) Stationery: Tk. 17,500 x 8 stations (d) Labour: Tk. 15,575 x 8 stations	700,000 168,000 267,400 140,000 124,600	10,000 2400 3820 2000 1780	20,000
3	Honorarium of Trainers & Travel (a) Trainers honorarium (incl. Lecture notes) Tk.1000 (appr.)/lecture x 5 lectures x10 batches x 8 stations (b) Travel Allowances (TA) & Daily Allowances (DA)	560,000 400,000 160,000	8,000 5,720 2,280	16,000
4	Dissemination/Workshops (4) Tk.140,000/ (each) x 4 Workshops Workshop venue, other facilities, banner, stationery/printing, travel/transport, lunch/tea, photography, miscellaneous expenses, etc.	560,000	8,000	16,000
5	Reports/Documentation	70,000	1,000	2,000
7	Contingencies	35,000	500	1,000
Total		2,905,000	41,500	83,000

*1 US\$ = Taka 70 approx. (Bangladesh currency)

Annex-4

A Detailed Budget for the Project Activities in India (Indicative):

		India		Total Cost
Target Farmers		4000		8000
Budget Heads		*IRs	US\$	Total in US\$
1	Demonstration Training Number of beneficiaries: 40 farmers x 4 batches x 25 centres = 4000 farmers Cost (Honorarium/others) IRs.150/ farmer x 4000 farmers	602,000 602,000*	14,000 14,000	28,000
2	Material Supplies & Labour (a) Ribboner: IRs. 4300 x 25 centres (b) Others Inputs: IRs. 6450 x 25 centres (c) Stationery: IRs. 3440 x 25 centres (d) Labour: IRs. 3010 x 25 centres	430,000 107,500 161,250 86,000 75,250	10,000 2,500 3,750 2,000 1,750	20,000
3	Honorarium of Trainers & Travel (a) Trainers honorarium (incl. Lecture notes) IRs.625/lecture x 4 lectures x 4 batches x 25 centres (b) Travel Allowances (TA) & Daily Allowances (DA)	344,000 250,000 94,000	8,000 5,815 2,185	16,000
4	Dissemination/Workshops (4) IRs.86,000/ (each) x 4 Workshops Workshop venue, other facilities, banner, stationery/printing, travel/transport, lunch/tea, photography, miscellaneous expenses, etc.	344,000	8,000	16,000
	Reports/Documentation	43,000	1000	2,000
	Contingencies	21,500	500	1,000
Total		1,784,500	41,500	83,000

*1 US\$ = IRs 43 approx. (Indian Currency)