
SUPPLY CHAIN IN THE LEATHER INDUSTRY OF BANGLADESH

Anushua Mallick

Md. Ehsanul Hoque

Syeda Sarjut Mehreen

Ibnat Sahira Alam

BANGALDESH UNIVERSITY OF PROFFSSIONALS

Table of Contents

CHAPTER ONE	1
INTRODUCTION	1
1.1 ORIGIN OF THE REPORT.....	2
1.2 PROBLEM AND PURPOSE.....	2
1.3 SAMPLE AND SCOPE OF THE RESEARCH:	2
1.4 LIMITATIONS	3
1.5 REPORT PREVIEW.....	3
Chapter Two.....	4
Problem Statement and Objectives of Research	4
2.1 Problem Statement	5
2.2 Objective of Research	5
Chapter Three.....	6
Findings and Analysis.....	6
3.1 Findings.....	7
3.2 Analysis.....	16
3.2.1 Reasons behind the continued fall of Export Earnings:	16
3.2.2 SWOT Analysis:.....	17
3.2.3 Questionnaire and Answer Analysis.....	20
Chapter Four	26
Conclusion and Recommendations.....	26
4.1 Recommendation.....	27
4.2 Conclusion.....	27
Appendix.....	29
Reference	33

CHAPTER ONE
INTRODUCTION

1.1 ORIGIN OF THE REPORT

Leather industry is one the largest contributor in the economy of Bangladesh. In this industry, the raw material is derived from the animal skin, waste product of food industry and finally a broad range of goods and garments are produced. Since the 1970s, this industry has been on the path of success and has grown significantly as an industry in our country. Furthermore, leather industry is also contributing remarkably to our socio-economic development by creating opportunities and opening new doors. The Government of Bangladesh has recognized it as a priority sector of this country. Supply chain plays a vital role behind the growing prosperity of this industry as it is essential to find and analyze how the final products reach the final buyers and how the process should be improvised.

1.2 PROBLEM AND PURPOSE

In our country, it can be often observed that leather industry, though a well-known sector, faces different problems both during and off its season. These problems include procurement problem, storage problem, transportation problem, inventory problem, manufacturing problem, and many more. In addition to that, there are many attributes affect this business in different ways both positively and negatively. Moreover, how this industry has been performing over the years and the reasons behind its performance is also a big concern.

In this research paper, we are trying to get into answers to these problems and analyze them for appropriate solution. We have tried to follow to the path of the past researches on this issue and while following, we have been looking for the gaps that had not been found before and raised questions regarding those gaps.

1.3 SAMPLE AND SCOPE OF THE RESEARCH:

Effective and efficient supply chain management is extremely important for the profitability of an industry. Without supply chain, no business can run smoothly. Hence, in this research we have focused on the analysis of different secondary source like relevant data, samples, previous

research studies, expert opinions. In addition to that, we have also prepared a google form with questionnaires related to our research as a primary source which we have circulated to others for a practical point of view. We have also listed different articles about the opinions, advise, criticism of government, private officials and leather businessmen of all stages to this research. Upon these samples and data, we analyzed on ourselves how the structure of the supply chain of the leather industry is in our country, how it works and what needs to be improvised.

1.4 LIMITATIONS

The research is limited as it is mainly based on the pre-existing sources of sample, secondary samples. We have tried to get data from our questionnaires as much as possible. Our primary research is also bounded as we could not physically collect information because of the pandemic. We are in short of physical survey and interviews from leather businessmen and government officials. We could not collect information from the employees of the base level

1.5 REPORT PREVIEW

In this research paper, we have attempted to thoroughly analyze and understanding, using our samples, the current procedure and condition of the supply chain in our leather industry. In the chapter two “Problem Statement”, the problems related of the supply chain that we have come up with is with elaborated discussed. While in the third chapter “Objective of the Research”, we have mentioned our objective behind doing the research. Meanwhile, we have provided a summary of the related research previously along with their strength and weakness and their impact in our research in the fourth chapter “Literature Review”. The fifth chapter “Methodology” describes our research methods for this topic.

The sixth chapter “Finding and Analysis” is completely on the all the problems we have found while researching and an analysis on those issues. Each part of the samples has been analyzed crucially and the overall analysis has been criticized. In the final chapter “Recommendation”, the conclusion of the research has been drawn. Furthermore, recommendations have been provided as to how to conduct the supply chain in the leather industry more effectively and productively.

Chapter Two

Problem Statement and Objectives of Research

2.1 Problem Statement

Our research highly signifies about the current performances of leather industry and its current decline in the market, scopes of improvement and finding out the solutions. The performance of leather industry has declined over the years, may be involving the following reasons no alternatives, using hazardous chemicals, growing awareness about animal slaughter, lack of sources and resources, seasonal supply of leather, lack of strong financial backup, absence of proper firm or industry planning, loss incurred more than profit, unavailability of buyers and customers and many more, but can we not overcome this situation? If so, how can we do that and how we can overcome, all these topics are the focal point of our research topic.

2.2 Objective of Research

Leather Industry is considered as one of the main drivers of our economy although the revenue earned is becoming more or less difficult as the standard of the industry itself cannot be met due to some shortcomings. So the objective of the research is to point out the problems or the lacking, to figure out an appropriate and alternative way to the solution and improvement of the industry and to present it systematically. Due to the current pandemic and lack of accurate available sources online, there might be a few requirements left to analyze our research completely still our team has tried to cover the necessary objectives as mentioned.

Chapter Three
Findings and Analysis

3.1 Findings

Leather Export Destination:

Although Leather Sector is the second largest export sector of Bangladesh, its export share is notably lower than RMG for which, Ready Made Garment (RMG) sector has a strong dominance over the countries total export.

The leather industry products include leather-based garments, belts, shoes, bags, jackets, wallets, suitcases, footwears etc. Approximately 85% of leather and leather goods that are exported, are in the form of crushed leather, finished leather, blue wet leather, leather garments and footwear.



Figure 1: Major Leather & Leather Goods Export Market for Bangladesh(*Source: www.lightcastlebd.com*)

From the above figure, it is evident that the key export destinations are the EU, USA, Australia, Japan, Singapore, and South Korea. Geographically Bangladesh holds a strategic position which has border between India and Myanmar and can easily be connected to China which gives Dhaka strategic edge to access EU as well as ASEAN market. Export revenues of Bangladesh generally come from the EU (60-65 percent), USA (17-18 percent) and Japan (6-7 percent).

Leather footwear encounters a 17% import tax from the Chinese government (export tariffs in Bangladesh are at 0%) even though China is deemed as the largest product sourcing nation in the world, which acts as a wholesale vendor to other countries in terms of buying quality products so that they can sell them at a reasonable margin and expand their respective businesses.

Leather Footwear Market of Bangladesh:

**Growth of Footwear Exports of Bangladesh
(USD mn)**

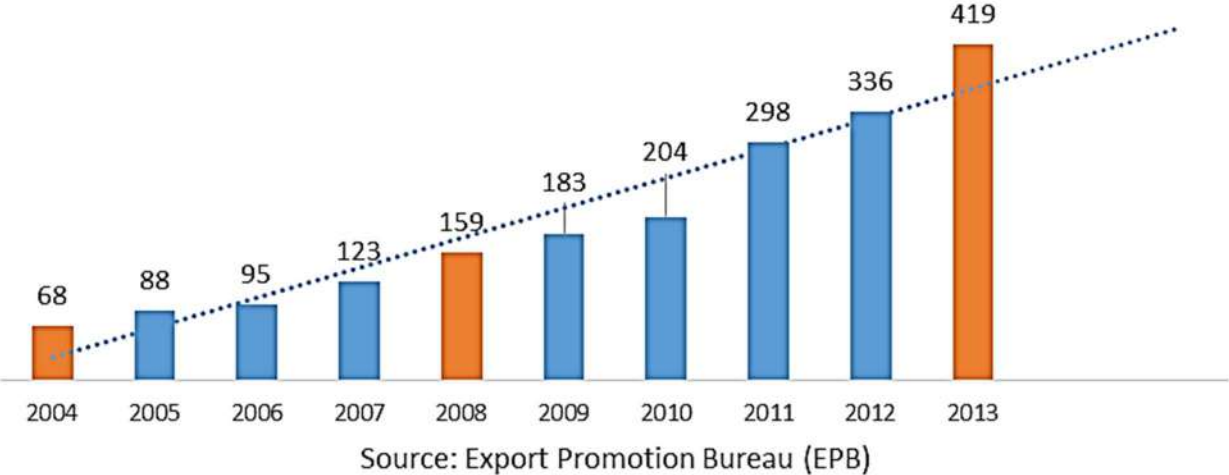


Figure 2: Footwear Exports of Bangladesh

During the timespan from 2004-2013, the growth of footwear exports showed a steady increase. It has doubled during 2010-13 and continued to rise further though exception has been seen in the FY'19 as well as FY'20 where this sector experienced a drastic fall. **Bangladesh has an advantage in footwear production because of its involvement in all stages of the value chain**

from raw leather to the final product. Within the next decade, it is expected that the annual export of these components will reach a value of USD 5 Billion.



Figure 3: Bangladesh Shoe Exports to the USA (USD in Million) (Source: www.lightcastlebd.com)

Bangladesh’s performance in the year 2018 was quite praiseworthy as its export to the USA increased by triple digits. In the FY’18-19, **the leather footwear exports increased its value by 7.48% as it generated USD 607.88 million and the non-leather footwear exports increased by 11.24% by generating USD 271.53 million.**

On the other hand, the export earnings for July to February of the current fiscal year for leather and non-leather footwear are USD 376.60 million and USD 219.47 million respectively, **which is 0.5 percent greater than the total footwear export revenue for the corresponding period in fiscal year 18-19.**

Leather Export Performance:

40% of the total demand of the leather industry is being met from imports and currently it is worth approximately \$1.90 bn. But a recently conducted survey shows that, the leather industry has been facing a gradual decline in export earnings lately.

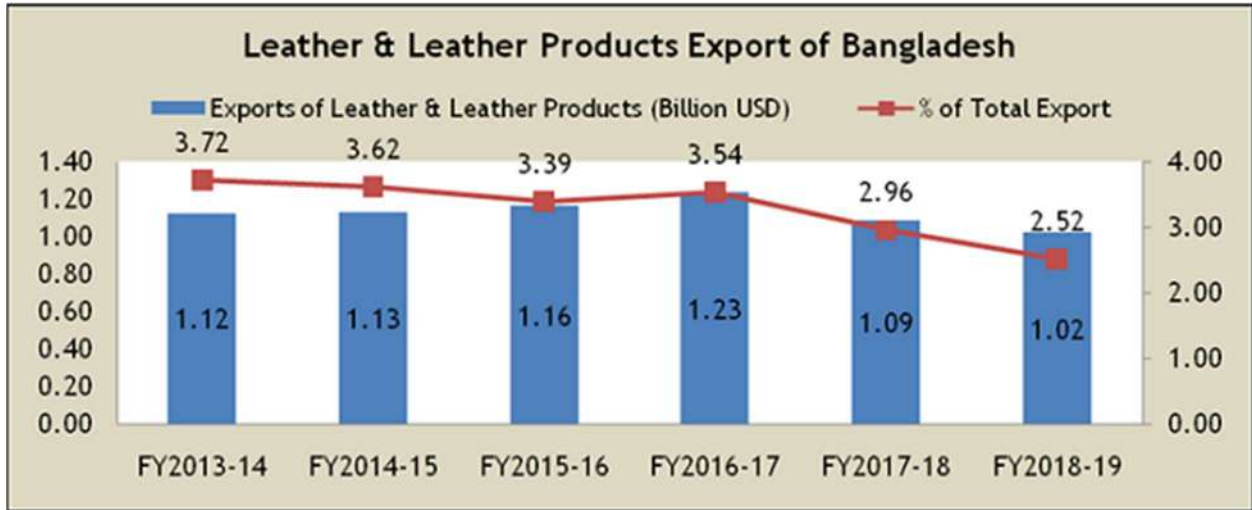


Figure 4: Leather Export Earnings (Source: www.lightcastlebd.com)

From \$1.23 bn in FY17, exports of leather, leather goods, and footwear had a drastic fall to \$1.08 bn in FY18. Non-compliant factories which has been built in Savar Tannery Industrial Estate is considered one of the reasons behind this decline. According to the Export Promotion Bureau (EPB) data, Bangladesh earned \$1.01 billion exporting leather, leather goods and leather footwear, which is the only billion-dollar export earned after the apparel goods, in the fiscal year 2018-19.

Table 1: Export performance of leather industry July-November FY'2018-19 (in million USD)

Sl. No	Products	HS Code	Export Target July-Nov. 2017-18	Export Performance July-Nov. 2017-18	Export Performance for July-Nov. 2016-17	% Change 2017-18 Over 2016-17 (July-Nov.)

1	Leather	41	92.54	80.61	114.85	-29.81
2	Leather Products	42-43	208.21	184.73	186.17	-0.77
3	Leather Footwear	6403	231.34	252.81	232.89	8.55
4	Other Footwear	64	104.1	108.42	102.01	6.28
Total			636.19	626.57	635.92	

Source: EPB, Bangladesh

The overall export target of the leather and footwear industry was 636.19 million USD in FY'2018-19 (July- November), but the overall export performance was 626.57 million USD. So, it was underachieved by 9.62 million USD.

Decline in this area can be seen in the leather category with the HS code of 41 and 42-43. But the major decline happened in the leather category (HS code: 41) with a negative growth rate of -29.81% and export earnings of only 80.61 million USD where the target was to achieve 92.54 million USD. Similarly, the leather goods category (HS code: 42-43) displayed a negative growth rate of -0.77% compared to the same period of the FY'2017-2018, which has achieved export earnings of 184.73 million USD, when the target was to achieve 208.21 million USD.

However, footwear (leather and non-leather) achieved positive growth in the last fiscal year. Leather footwear (HS Code: 6403) had a positive growth of 8.55% and non-leather footwear (excluding HS code: 6403) and footwear accessories achieved a positive growth rate of 6.28%. Both the sectors achieved more than their targeted export earnings.

Industry on the Decline:

Bangladesh's export earnings from leather and leather products went down by 16.11% in the first 5 months of the current fiscal year. It had an abrupt fall to \$434.7 million from \$518.15 million compared to the same period last year.

In the FY19, the leather and leather goods sector was the second largest foreign currency earner after the readymade garment (RMG) industry with \$1.01 billion earnings, which abruptly came down to \$798 million and now holds the third position as the largest export earner as jute and jute goods took the place with export earnings of \$882.25 million in FY20.

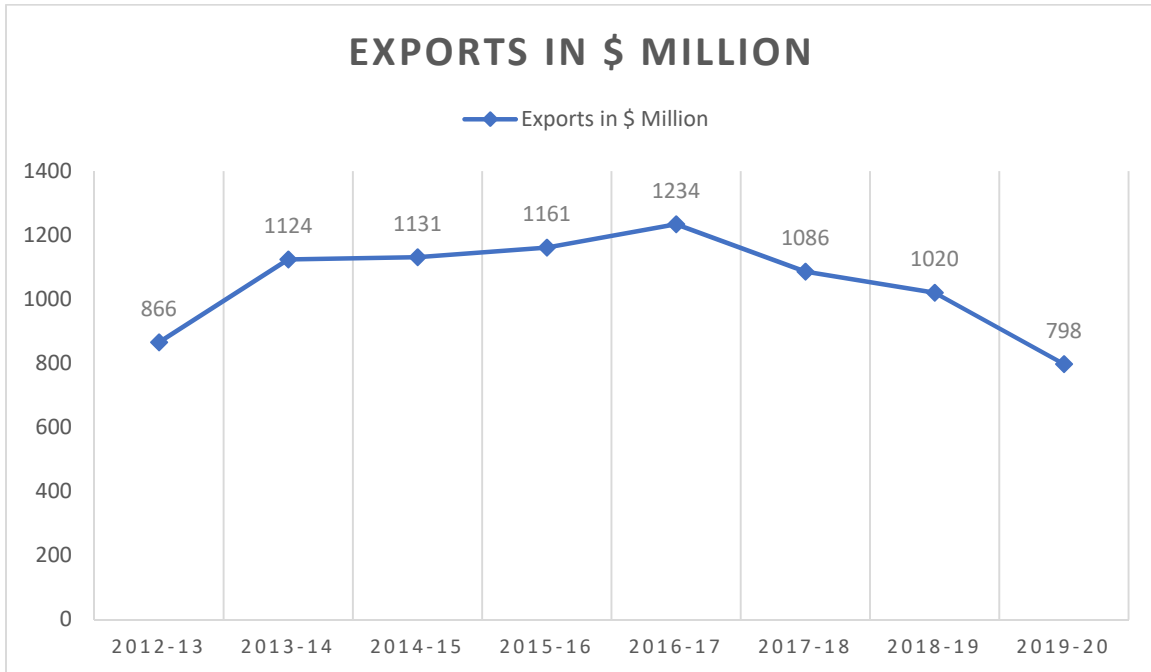


Figure 5: Decline of the Export Earnings (Source: www.lightcastlebd.com)

According to data from the Export Promotion Bureau (EPB), export of leather and leather goods from Bangladesh fetched \$797.6 million, which came down to 21.79% in current fiscal year compared to \$1.01 billion in FY19. The leather industry missed the target set for the current fiscal year by 27.03%.

Table 2: Bangladesh’s Export of Leather and Leather Products (Values in Million US \$)

Category	FY2015-2016	FY2016-2017	FY2017-2018	FY2018-19	FY2019-20
Leather	277.9	232.61	183.1	247.28	220.55
Leather Products	388.22	464.43	336.81	164.62	98.31
Footwear	714.01	777.84	809.69	608	478.75
Total (leather & products)	1380.13	1474.88	1329.6	1019.9	797.61

Source: Export Promotion Bureau

In the FY19, **Bangladesh's leather industry** registered a total of 797.6 million US dollars' worth of exporting revenue, which represented a decline of 21.79% over the performance in similar period last year; which was around 1 billion USD, missing **the target** set for the period by 27.03%.

If we compare the current fiscal year with the last fiscal year, we can see that, processed leather products as well as footwears showed a drastic fall by 40.28% and 10.81% respectively. Earnings were \$164.62 million for the finished leather products in the previous year which came down to \$98.31 million this year. On the other hand, earning of leather footwear industry is \$478.75 million in the current FY against \$608 million in the same period a year ago.

Leather footwear is the category which contributes the most to the exports revenue of the leather industry with a 60.00% share. Revenue generated by **the exports of other footwear** (277.13 million US dollars) showed a slight increase by 2.06% compared to the previous year, but at the same time, it is performing below the target level which has been set for this particular category (13.40%).

Leather Industry During the Pandemic:

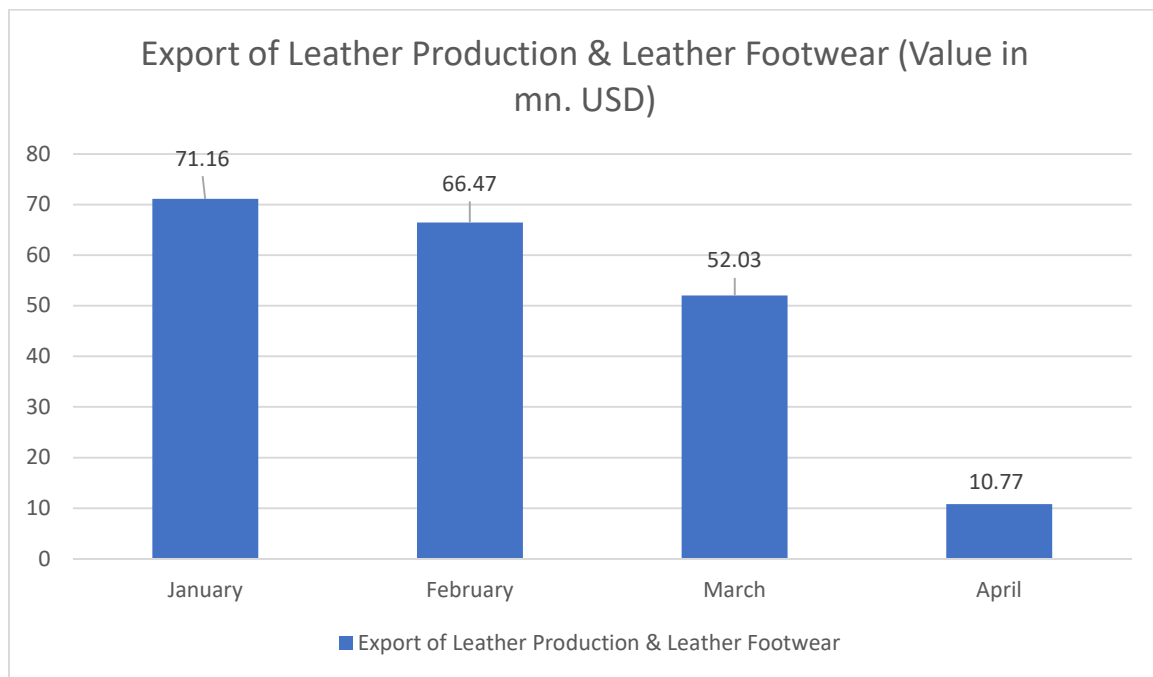


Figure 6: Monthly Export Trend of Leather Products and Footwear in 2020 (Source: *thefinancialexpress.com.bd*)

Amidst ongoing COVID 19 coronavirus pandemic, Bangladesh leather products and footwear export sector which is the second highest export earner of Bangladesh displayed a massive decline of 77.94 per cent export revenue in April.

According to the Leathers Goods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), the overall export earnings from leather products and leather footwear showed downtrend in the first 4 months (Jan-April) of 2020, recording decrease of 6.59 per cent, 21.72 per cent and 79.30 per cent in February, March, and April respectively. Comparing to the previous year, overall export earnings from leather products and leather footwear was 248.25

million US dollars in 2019 whereas in 2020 it exported 200.43 million US dollars with 19.26 per cent fall.

It is predicted that **Bangladesh will incur a loss of USD 16 million in total because of China’s slowdown** and out of USD 16 million, **the leather industry alone will face the loss of USD 15 million.** As per the EPB data, leather, leather products and footwear exports registered an export-earning of \$89 million in July 2020 which was \$106 million in the same period of 2019. Leather goods and footwear exporters in Bangladesh are experiencing a 22 per cent decline in shipments in the last fiscal year due to the ongoing pandemic. The reason behind this fact is that many of the country’s export destinations like US, UK, Italy, Spain and Germany are currently under lockdown. Moreover, overall shipment declined by more than 15 per cent in the month of July compared to that of the last year which is also one of the reasons behind fall.

Rawhide Price Situation:

This year, the Covid-19 situation has led to stagnation in the leather industry. Considering the current stock of rawhides as well as the demand for leather products in the international market, prices have been determined.

Table 3: Price of Rawhides in the Year 2019 and 2020

Sector	2019 (per square foot)	2020 (per square foot)
Cowhide (salted)	Tk. 45-50 in Dhaka	Tk. 35-40 in Dhaka
	Tk. 35-40 outside Dhaka	Tk. 28-32 outside Dhaka
Goat hide	Tk. 18-20	Tk. 13-15
	Tk. 13-15 for female goat hide	Tk. 10-12 for female goat hide

Figure 7:Source: The Business Standard

As per industry insiders estimate, around 70-80 lakh cattle are slaughtered throughout the year for meat but around 30-40 lakh are sacrificed during Eid-ul-Azhaalone. Though around 60 lakh calves are born a year in Bangladesh, the country has to depend on about 20 lakh cattle from India to meet demand.

Investment Trend:

Investments are being made on factories that meet environmental compliance laws and produce high quality goods with a view to reducing the dependence on the import of leather goods.

Bangladesh has a young, industrious, affordable workforce which is growing by roughly 2 million annually. According to the data of Leather Goods and Footwear Manufacturers' and Exporters' Association of Bangladesh (LFMEAB), due to higher wages, a lot of foreign leather products and footwear producers have been forced to shut down their businesses in countries like China where wages have increased by 19 percent, Vietnam, 14 percent; India, 13 percent and Indonesia, 30 percent. They also stated that, they export footwear at zero percent tariff rate and that's maybe another reason why the foreign buyers are eager to come and invest in Bangladesh.

Bangladesh offers investment friendly regulation as well as the most liberal FDI regime in South Asia, allowing 100% foreign equity with unrestricted exit policy. It can also utilize tariff-free access to the European Union (through EU's Generalized System of Preferences, GSP), Canada, Australia and Japan. Bangladesh also gets access to the DFQF in prominent Asian market such as China, Turkey and in some Latin American Countries.

3.2 Analysis

3.2.1 Reasons behind the continued fall of Export Earnings:

1. Existing challenges such as non-compliance around environmental issues along with the Covid-19 pandemic has pushed down export earnings more sharply.

It caused global buyers to hold up and cancel work orders as consumers were compelled to confine themselves in their homes. Brands were forced to shut stores amid lockdowns as well as the global buyers and brands have cancelled ongoing work orders.

Moreover, due to environmental compliance issues caused by the delayed establishment of a central effluent treatment plant (CETP) at Savar Leather Industrial Park, the leather sector has been facing problems lately. As the motive behind the establishment of CETP is to ensure the liquid wastes discharged by the tanners are treated before flowing into the nearby river.

2. Due to the lack of proper compliance, especially in environmental issues, Bangladeshi manufacturers are not getting the certificate from the Leather Working Group (LWG). As a result, export earnings from the sector saw downfall.
3. Consumers were shifting to non-leather shoes which were deemed as another reason for the negative growth in earnings of overall export from leather sector.
4. Earnings from the processed leather and leather goods people, the production fell due to relocation to Savar, the relocation hit the production of leather processing.

3.2.2 SWOT Analysis:

The distribution method of the leather industry of our country is mainly retailer or distributor based i.e. retailer/distributor to manufacturer to retailer/distributor to consumer or buyer, so we now find out that whether they have a stronger SWOT analysis or not. SWOT stands for: Strengths, Weaknesses, Opportunities and Threats for the letters S, W, O and T respectively. This analysis is mainly used to identify threats and weaknesses of a particular- sector and leads to the way of discovering new opportunities as well as identifying strengths.

Strengths:

- Leather industry of Bangladesh possesses high growth and investment potential. The government has also set some trade policies for this sector in order to help raise the export earnings to USD 5 billion by 2021 which may result in contributing 2.5% to GDP.

- Locally sourced raw materials offer strong backward linkages which allow high domestic value addition, presumably over 80%.
- The government gives priority to this sector and has also set incentives to attract foreign investors including 100% foreign ownership, 100% profit transfer to country of origin without receiving prior permission from the central bank. Moreover, for the smooth business operation, EPZs provide an excellent environment and grant access to Japan, the People's Republic of China, the Republic of Korea as well as others with a view to achieving foreign investment.
- The leather industry possesses a large pool of inexpensive manpower and employs about 850,000 workers directly and indirectly. Approximately 70% of women have found employment opportunity through this sector.

Weaknesses:

- Insufficient use of better technologies as well as appropriate production methods is one of the reasons behind the decline on the earnings from the leather industry as the reason behind the establishment of CETP was to prevent further pollution of Buriganga River, thus, improving the value of leather by using better technologies for clean leather treatment and recycling. But on the other hand, it is polluting the nearby Dhaleshwari river.
- Financing became a challenge as relocating to the Savar industrial park required significant investment which led to many tanneries facing a cash crunch. The government is delaying the process of giving approval to the land registration which is making it more difficult to acquire loans as financial institutions are already hesitating to give loans.
- Lack of skilled workforce and appropriate training facilities. Without proper training, they are not being able to use the technologies accurately which in turn hinders the clean leather treatment and decrease its value.
- Due to the lack of financing, the workers are not being able to access to the latest technologies and on the other hand, it becomes difficult to upgrade the existing ones. As a result, it loses competitiveness in the global market.

- Inefficient procurement system leads to the failure of preserving quality and results in weak leather traceability which concerns the buyers. Firm's lack of business knowledge also affects this sector indirectly.

Opportunities:

- Bangladesh has major advantages in going ahead with this industry as the leather from Bangladesh is highly reputed and known for its good quality. As a result, demand is also high and footwear companies can continue to fulfill the demand of foreign buyers by incorporating modern technologies and methods.
- There are many similarities between the RMG sector and in the leather industry. Bangladesh can use its experience in the RMG sector specially applying its experience and knowledge of the supply chain.
- With an estimated demand of 30 million pairs per year, the domestic footwear market is expanding at a huge pace as the size of the middle class grows. Moreover, manufacturing units with world class operations are being set in Bangladesh which in turn, attracting the foreign manufacturers to engage in exports and operate companies in this country.
- Labor cost in the PRC which is the largest exporter of leather products, has been rising. These along with the relocation of factories from PRC hold the potential to create opportunity for Bangladesh.

Threats:

- The international standards are stricter comparing to the way Bangladesh produce leather products domestically. The local companies lack in terms of innovation and quality for which they are lacking behind the major international brands.
- Bangladesh has several stiff Asian competitors even in terms of health and safety rules as they barely get monitored. Besides, there is no proper skill development institute in our country. On the other hand, emergence of any alternative source has not been created yet.

- Political environment is highly volatile and often there are strikes and clashes between major political parties for which Bangladesh is exposed to high costs of doing business. Illegal export import as well as smuggling of raw hides is another consequence of this.
- The small firms are overshadowed by the large ones as the large firms are able to afford expensive technologies and produce in large scale and attract the majority of the foreign buyers.

3.2.3 Questionnaire and Answer Analysis

To gather the opinions of the general public about the leather industry of Bangladesh, we conducted a survey a few days ago. We got 50 responses in total which reflect their views and perspective on this sector.

The first question was regarding the opinions of people about the current position of Bangladesh leather industry. We provided them with 5 options – Poor, Expected, Good, Excellent and Unsatisfactory.

Interpretation:

The responses are jotted down in a pie chart where the option “Poor” consumes majority of the chart which is 53.8%. This segment is indicated in blue color. The reasons due to which most of the people consider the current situation of this industry poor can be many. Some of them might be poor marketing, an unskilled workforce, lack of proper training and adequate funding. Moreover, another major factor for which the public are criticizing the leather industry is international criticism which is the consequence of destructive environmental practices and miserable labor conditions. Articles are being published in the newspapers and in online portals every now and then about the usage of harmful chemicals, violation of the rules regarding national and international standards for storing, exploitive labor conditions about their health hazards and the overall atmosphere of the workplace. These are the news that people hear almost every day which creates a negative impact on their minds.

Then we can see that, the percentage of people who think that the current leather industry situation is Expected, Good and Excellent are the same (15.4%). The people labeling this sector as Good are the ones who see a ray of hope. The new location in Savar that includes

the Central Treatment Plant (CETP) is able to treat 30,000m³ of liquid effluents per day and can also contribute to water and sludge treatment. These kinds of news are the ones that people are looking forward to.

On the other hand, no one feels that the present condition of this sector is “Excellent”. The reasons behind this opinion might be the same as the reasons working behind labeling the industry as “Poor”.

If Bangladesh wants to make its leather industry a major thrust sector in the future and increase its weight in exports, it should overcome the issues of insufficient supply chain and put more focus on increasing its quality standards to provide higher value in order to capture the global market.

What is your opinion about the Current Position of Bangladesh Leather Industries?
49 responses

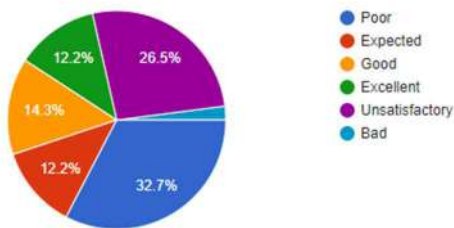


Figure 8

Second Question was reasons or cause of losses, where we provided the following answers and we have seen the following results.

Reasons of causing loss in the earning of the industry-
49 responses



Figure 9

Interpretation:

When the reasons for causing loss in the earning of the industry were asked, there were 49 responses. Among these responses, 26.5% believes fewer availability of alternatives is the reason to be the reason.

Scopes of Improvements in the Industrial Sector were the third question with the following options provided.



Figure 10

Interpretation:

Out of the 49 responses for asking scopes of improvement in the industrial sector, 14 of them want the selling in the leather industry at a cheaper rate is one of the big aspects for improving.

The fourth question is as follows-Will leather industry be considered as an ideal earning sector for the working class of society or as a corporate industry sector? If you have an opportunity or had any, previously, would you like to work or continue working in the industry?

Interpretation:

For these questions, 13 participants answered in the positive while only 2 in then negative with 4 in the neutral zone. There were some suggestions that were made-

- specific planning to build projects
- using proper opportunities
- creating opportunities to work at home and aboard
- different facilities
- proper infrastructure
- expert opinion
- more funding
- organized management

Will leather industry be considered as an ideal earning sector for the working class of society or as a corporate industry sector? If you have an opportunity or had any, previously, would you like to work or continue working in the industry?

46 responses

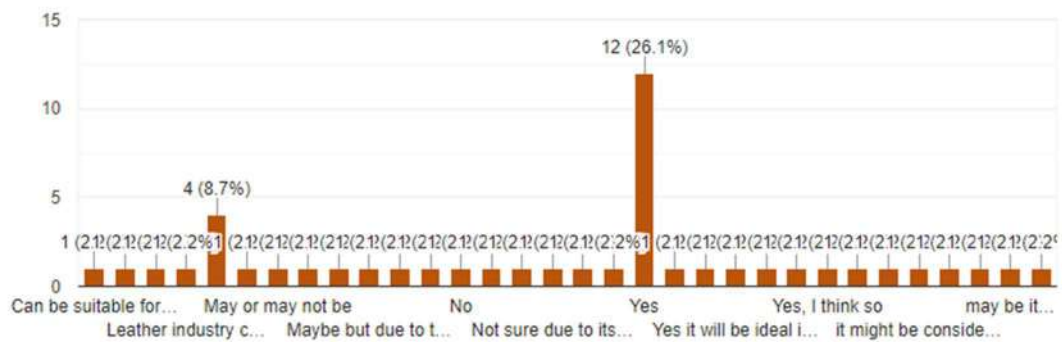


Figure 11

The next one was- Do you think that the footwear businesses are doing better or not than the leather industry itself?

Interpretation:

There is still an uncertainty in the answer of this question although mostly people are leaning towards the positive and "Maybe" option regarding this matter as in the current pandemic, these businesses, like Bata, Apex, Bay are also facing similar difficulties due to lower supply of leather and low customer demand and purchases as mentioned in one of our responses in the questionnaire. As a result, they are offering higher discounts for selling out there old products and bringing out the new ones, but there is a hope that these buyers can still get the leather industry going.

Interpretation:

Majority thinks that they might come in handy, due to the current trend of western fashion, leather pants, jeans, boots and jackets etc. there can be a huge profit earned with the help of this industry, to certainly earn foreign and local revenue, although there are still a few uncertainties and lack of proper measures and sureties, but the negative responses are comparatively lower so the expectation of collaboration of both the industries are higher.

Can our garments industry come to the rescue in earning process of the leather industry?
49 responses

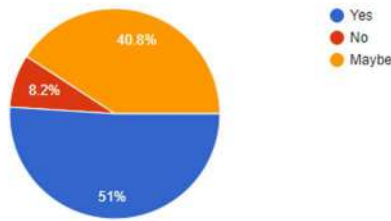


Figure 14

Chapter Four

Conclusion and Recommendations

4.1 Recommendation

As per analysis of the leather industries of Bangladesh, there have some specific and certain recommendations regarding these sectors. It has been mentioned earlier that leather industry is kind of like the RMG sector of Bangladesh where a huge percentage of our total workforce our country is conveying their labor. It's because the workers of RMG sector are being paid a better remuneration according to their contribution. If the tannery and leather processing factory owners fix a better pay-scale for the workforce related with leather industry, then a lot of people will be involved with it and will get employed. Another issue is- the health hazard of the employees must be recognized and must be taken care of. Otherwise, the situation will demotivate workers to get into this sector. Technological advancement should be ensured into this sector if the sector wants to get competitive advantage in domestic as well as global market. Using technology while processing the leather and rawhides will enhance the quality that will expand the export opportunities in many more other countries. Besides, technology ensures the extension of workforce capacity. It would increase the productivity of an employee because machine is more helpful for a worker than doing the task free-handed. Technology would save time and be cost effective as well. Since there has the demand of around 30 million pair of shoes just within our domestic market as well as a huge chunk of demand are available in global market, it would be very beneficial if the factories expand their productivity through getting more technological advancement. Environmental safety is also a great issue to attract foreign buyers of our leather because they are very concerned about the safety of it. CETP technology and system must be ensured in every tannery factory so that the buyers wouldn't get bothered about the quality and ecological imbalance.

4.2 Conclusion

Leather industry of Bangladesh has that much potential to be a significant part of our GDP. It can drive the GDP towards higher. It has that capability to generate more profit, more foreign currency, more employment. It will be very helpful for our economy as well. Economists suggest that proper structuring regarding demand and supply within local and global market of leather sector will play a significant role for our own leather industry. Because, the stakeholder related with this industry will get the proper scenario if proper structuring is ensured. The leather

industry has a constrained demand structure just because of the lack of national purchasing power. The limited purchasing power has been making an issue regarding demand structure. Lastly, as the leather products have a big demand in all around the world, Bangladesh must snatch this opportunity to generate more foreign currency and be economically established.

Appendix

The Questionnaire:



Survey on the Recent Performances of Leather Industry of Bangladesh

Help us survey more about the lacking and the shortcomings of our country's Leather Industries. Let us know if there is any future for the leather industry of our country and if the situation worsened over the last two years 2019-2020. An active cooperation and honest answers are appreciable.

What is your opinion about the Current Position of Bangladesh Leather Industries?

- Poor
- Expected
- Good
- Excellent

Excellent

Unsatisfactory

Other: _____

Reasons of causing loss in the earning of the industry-

- None
- Usage of hazardous chemicals
- Awareness about animal slaughter
- Lack of sources and resources (materials, employees and workers)
- No financial backup or financing
- Fewer availability of alternatives
- Industrial Park Incompletion Affecting Export Orders
- Unsold rawhides or lack of sellers and buyers
- Unstable supply
- Extremely cheap price

Scopes of Improvements in the Industrial Sector-

- None
- Arranging alternatives
- Allocation of financing linkages
- More scopes and opportunities
- Backward linkage opportunities
- Selling at a cheaper price
- Matching international market and global quality
- Seasonal collection of rawhide
- Sudden increase in demand and decline in supply
- Planning new treatment farms and finishing projects

Will leather industry be considered as an ideal earning sector for the working class of society or as a corporate industry sector? If you have an opportunity or had any, previously, would you like to work or continue working in the industry?

Your answer _____

Do you think that the footwear businesses are doing better or not than the leather industry itself?

Your answer _____

Do you think that the footwear, accessories and clothing business would sustain without traditional leather businesses and supply?

- Yes
- No
- Maybe

Can our garments industry come to the rescue in earning process of the leather industry?

- Yes
- No
- Maybe

What can be the beneficial and cheaper alternatives than rawhides of cattle for our country and can be considered as an option?

Your answer _____

Was this questionnaire up to the mark? Was it worthy spending a few minutes to look at the questionnaire?

Yes

No

Maybe

Any suggestions? If not, thank you very much!

Your answer _____

Submit Page 1 of 1

Figure 15, 16, 17, 18, 19: The Google Form for Questionnaire

Reference

- [1] LightCastle Partners. 2020. *Bangladesh Leather Industry – From Hazaribagh To Savar - Lightcastle Partners*. [online] Available at: <<https://www.lightcastlebd.com/insights/2019/05/27/bangladesh-leather-industry-from-hazaribagh-to-savar>> [Accessed 10 October 2020].
- [2] Express, T., 2020. *Govt Finalises Draft Of Leather Sector Policy*. [online] The Financial Express. Available at: <<https://www.thefinancialexpress.com.bd/trade/govt-finalises-draft-of-leather-sector-policy-1551065421>> [Accessed 10 October 2020].
- [3] Scribd. 2020. *Research Proposal (050340) | Leather | Exports*. [online] Available at: <<https://www.scribd.com/document/102687596/Research-Proposal-050340>> [Accessed 10 October 2020].
- [4] 2020. [online] Available at: <https://www.researchgate.net/publication/300473490_The_Leather_Value_Chain_in_Bangladesh-Results_of_a_Qualitative_Analysis> [Accessed 10 October 2020].
- [5] Adb.org. 2020. [online] Available at: <<https://www.adb.org/sites/default/files/publication/467956/adb-brief-102-bangladesh-leather-industry.pdf>> [Accessed 10 October 2020].
- [6] Rvo.nl. 2020. [online] Available at: <<https://www.rvo.nl/sites/default/files/2017/06/business-opportunities-scan-leather-sector-bangladesh.pdf>> [Accessed 10 October 2020].