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HIDES AND SKINS MARKET IN BANGLADESH

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I. INTRODUCTION

Hides and skins are the basic raw materials of the tanning industry which contributes about 13% of the export earnings in Bangladesh. It is the second largest foreign exchange earning industry. The hides and skins industry employs a sizeable number of persons. As such, the industry is of crucial importance for economic growth, for utilization of indigenously produced primary product and for distributive justice through large employment of people belonging to the lower classes of the society.

The production of hides and skins is scattered all over the country. The marketing channel for hides and skins is geographically analogous to the administrative division of the country, that is district, upazila, and village. A typical marketing channel of hides and skins has been illustrated by Raha (1989). The assembling and distribution of hides and skins involves a number of intermediaries between producer-farmers and the tanneries. These are *muchhi*, *butcher*, *faria*, *bepari*, *trader* and *aratdars*. A brief description of their characteristics and functions is given in Appendix A.

Not enough research has been done on hides and skins market in Bangladesh. Stephens studied the leather market and recommended improvements of flaying, curing and grading system for hides and skins (Stephens 1977). Two Government appointed committees studied constraints to the development of leather and leather based industries and suggest ways and means for improvements (GOB1980,1982). Chowdhury (1982) conducted a study and identified the defects in the process of flaying, curing and handling of hides and skins and recommended for proper health care for healthy growth

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of livestock population. David Winters (1983) of the UNIDO and an Economic Consultants Limited (U.K.) (1984) conducted studies in leather and leather products and their recommendations were related to the tanning industry.

These reports threw significant light on some aspects of hides and skins market and made valuable suggestions. But none of these studies followed a disciplined framework of market structure, conduct and performance analysis developed by Bain (1959). Since most of the market imperfections arise out of structural factors, a study based on Bain's approach would provide important clues for improvement of marketing efficiency. This paper reports the findings of a study of hides and skins market in Bangladesh conducted under such a disciplined framework. Section II describes the methodology of data collection. Section III is devoted to the market structure of hides and skins. Section IV deals with conduct and Section V with performance. In section VI, conclusions are presented.

II. METHODOLOGY

Primary data were collected from the field during the period of November 1987 to June 1988 by simultaneously adopting three methods, namely structured interview schedule, informal discussion and observation.

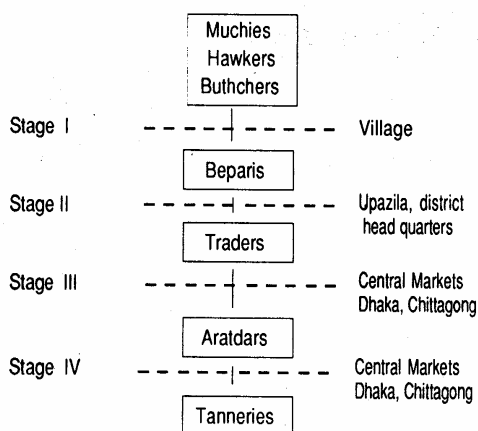
There were 205 *aratdars* found only in the two central markets-Dhaka and Chittagong. Twenty per cent of the *aratdars* were selected by using random sampling. Total number of selected *aratdars* was 41 of which 30 from Dhaka and 11 from Chittagong.

In consultation with some *aratdars* and managers of tanning units, eight most important market places were selected from the seven districts. The selected market places were Jhenaidah, Kushtia, Dhaka, Mymensingh, Natore, Rangunia, Rawzan and Tongi. Fifty percent traders were selected at random from each of the markets. Total size of the sample of traders was 64. While collecting information from traders the researcher also collected information from the *farias* and *beparis* who were visiting the traders to sell hides and skins. The total number of *farias* and *beparies* interviewed were 12 and 44 respectively.

III. MARKET STRUCTURE OF HIDES AND SKINS

There are four stages (sub-markets) of hides and skins market in Bangladesh as described below :

Stages of Hides and Skins Market



Market structure at each stage is, now, described in terms of number of sellers and buyers, product differentiation and condition of entry. The available data do not permit to measure concentration at each stage.

Stage I.

Muchis flay dead animals and thus produce hides and skins. *Butchers* buy animals for meat purpose and hides and skins are by-products. *Muchis* and *butchers* add value to the product by removing it from the dead body of animals. *Hawkers* are mainly collection agents and do not add any value to the product. They sell their products to *Beparis* at their places or at village hats (temporary periodic market places). The *beparis* also purchase from *muchis* and *butchers*. This defines Stage I of the market where *muchis*, butchers and hawkers are sellers and *beparis* are buyers. A cluster of villages constitute the geographical area of operations. The number of sellers is larger than buyers. But the absolute number of each group is large.

Quality of the product may vary from piece to piece, but it is not due to any deliberate attempt for product differentiation by the seller. Long term relationships develop leading to customer preference. Thus, the market is characterised by monopolistic competition among sellers and monoposonistic competition among buyers. There exists differentiation which causes market imperfection. However, the differentiation is person-based rather than product-based.

Entry as a seller or buyer is more socio-cultural than economic. It is family-based. The occupation of *butcher*, *muchi*, hawker, *faria* and *bepari* is by and large inherited by birth. The stigma attached to the profession is the greatest barrier to entry. Those who are in the profession may have relative advantage over potential entrants in terms of experience and established contacts.

Stage II

At this stage a large number of sellers (*beparis*) interact with a much smaller number of buyers (traders). The market place shifts from village to *upazila* and district headquarters. The traders have their own establishments. Depending upon the market place, the number of buyers (traders) ranges from 8 to 25. Thus, this stage is oligopsonistic.

Traders have business organizations - either sole proprietary or partnership firms. However, the number of partners does not exceed three in any case (see Table 1).

There is no deliberate attempt for product differentiation. *Beparis* do not add value to product except curing for preservation. But long term relationships leading to customer preferences do develop.

The entry into the market at this stage as buyer is also largely in terms of inheritance as depicted in Table 2.

Table 1. Distribution of Ownership of Trade by Market Place.

Market place	Individuals		Partnership		Total No. of Respondents
	No.	Percentage	No.	Percentage	
Jhenidah	4	100.00	-	-	4
Kushtia	5	83.33	1	16.67	6
Lalbag (Dhaka)	12	92.31	1	7.69	13
Mymensingh	9	90.00	1	10.00	10
Natore	7	00.00	-	-	7
Rangunia	6	60.00	4	40.00	10
Rawzan	6	75.00	2	25.00	8
Tongi	5	83.33	1	16.67	6
Total	54	84.38	10	15.62	64

Source : Field Survey

Table 2. Distribution of Extent of Inheritance of Trade by Market Place .

Market Place	Total No. of respondents	No. of respondents who inherited trade	Inherited as percent of total
Jhenaidah	4	3	75.00
Kushtia	6	3	50.00
Lalbag (Dhaka)	13	10	76.92
Mymensingh	10	9	90.00
Natore	7	5	71.43
Rangunia	10	10	100.00
Rawzan	8	8	100.00
Tongi	6	5	83.33
Total	64	53	82.81

Source : Field Survey.

Those who thought that there was no scope for new entrants indicated following barriers to entry : need for experience in the trade (60%), the social factor of entry by inheritance (62%), low status of the hides and skins traders in the society (56%) and capital requirement (42%). It is to be noted that the social factors are more important determinant of condition of entry than economic factors at this stage of the market also.

Table 3 reveals that there is regional difference regarding the

predominance of the perceived entry barriers. In Chittagong, requirement of experience in the hides and skins trade and its hereditary character are the most important barriers. Closely follows low social status. In Dhaka, hereditary nature of occupation is by far the most important entry barrier followed by experience and social status.

In Khulna, all the respondents considered required experience in the trade as the entry barrier. Capital requirement was considered as entry barrier by 75%. Low social status of hides and skins trade occupied the third place and hereditary nature was the least important. The respondents of Rajshahi gave the highest importance to the social status followed by experience in the trade as entry barriers.

Table 3. Distribution of Respondents' Opinion About Non-Existence of Scope for Potential Entry By Divisions.

Division	No. of respondents	Factors			
		Capital requirement	Experience in the trade	Hereditary nature of occupation	Social low status of the trade
		% of responses			
Chittagong	14	28.57	57.14	57.14	50.00
Dhaka	25	44.00	52.00	76.00	52.00
Khulna	4	75.00	100.00	25.00	50.00
Rajshahi	7	42.86	71.43	42.86	86.71
Total	50	42.00	60.00	62.00	56.00

Stage III

At this stage the traders from all over Bangladesh bring their products to Chittagong and Dhaka the only two central markets for hides and skins in Bangladesh. The traders consign their products to *aratdars*. In fact, about 90 percent of the transactions takes place through the *aratdars*. The number of *aratdars* is 120 in Dhaka and 55 in Chittagong, while the traders who interact with these *aratdars* is much larger. The system of *aratdari* is very old and long term relationship between sellers and buyers are bound to develop. There is customer-preference in the market. The structure is monopolistic-monopsonistic competition with person-based differentiation.

The conditions of entry of sellers have been discussed in Stage II. The conditions of entry of buyers (*aratdar*) are discussed below.

Aratdari is a family based occupation which comes by inheritance by and large. It was found that the fresh entry to *aratdari* was not easy. The problems as mentioned by the respondents were access to space in the market, experience and capital (Table 4).

The entry barriers have become stronger through time. Regarding the problems faced by the respondents when they entered the business, about 29% respondents said that they faced some problems. But all the respondents mentioned that those problems had aggravated to a great extent at the time of the survey. The space is an important factor because being a dirty business *arat* cannot be started scatteredly in any area of the market.

Table 4. Problems Anticipated by Existing Aratdars for New Entrants in Aratdari Business.

Market Place	No. of respondents	Problems		
		Location	Capital	Experience
% of responses				
Chittagong	11	90.91	36.36	8.82
Dhaka	30	93.33	53.33	76.67
Total	41	92.68	48.78	78.05

Source : Field Survey

Stage IV

This is the stage of interaction between *aratdars* and tanneries. A market with about 200 tanneries and nearly same number of *aratdars* it is near the model of monopolistic competition - monopsonistic competition. Due to long term relationships, person-based differentiation characterises the market.

IV. MARKET CONDUCT

Having analysed the multistage market structure of hides and skins, we now look into the market conduct. In particular, we will examine methods of sales and purchases, at every stage and methods of financing/ sources of finance of working capital. The conduct as will be seen, is dominated at every

stage by the buyers because of their better bargaining power in a monopolistic-monopsonistic competitive structure.

✓Methods of Sales and Purchase

Hides and skins are sold by piece. The quality of the product is assessed by visual inspection and feel by hand. In rural areas no measuring rods are used. The size is estimated by visual observation. However, for transaction at upazila and onwards, measuring rods are used.

Prices of hides and skins are settled through bilateral negotiation at every stage of the market by individual sellers and buyers. The payments take three forms viz., 100% cash, partly cash and partly credit, and 100% credit.

Out of 12 *farias* interviewed, credit purchase was mentioned by 3 (25%), and 6 (50%) purchased on partly cash basis while cash payment was made by only 3 (25%).

In total forty-four *beparies* were interviewed over eight locations to elicit their opinion regarding the systems of payment at Stage II. Their responses are presented in Table 5. About 75% respondents purchased on partly cash and partly credit, but cash purchase was made by about 23% respondents while the credit purchase was mentioned by only one firm.

Table 5. Mode of Payment Made by Bepari by Market Place.

Market place	Cash	Partly cash	Credit
% of responses			
Jhenaidah	50.00	25.00	25.00
Kushtia	-	100.00	-
Lalbag (Dhaka)	-	100.00	-
Mymensingh	-	100.00	-
Natore	16.67	83.33	-
Rangunia	80.00	20.00	-
Rawzan	75.00	25.00	-
Tongi	-	100.00	-
Total	22.73	75.00	2.27

Source : Field Survey

The payment system at Stage III is the same as in Stage II. The proportion of cash and credit depends on availability of capital with the traders and also their good wishes. The pattern in which beparis received their payments is presented in Table 6. It is revealed from Table 6 that about 61% of the respondents sold on partly cash basis, only 16% respondents sold for cash while credit sale was made by about 9% respondents. It was also found that about 14% of the respondents received a part in advance. Generally traders paid lower prices when they made cash payments.

Traders received market information from *aratdars*. About 33% of the respondents received information over telephone. The small traders observed the action of the large traders who possessed current information.

Table 6. Payments Received by Beparis by Mode of Payment.

Market place	Cash	Partly cash	Credit	Partly advance
% of responses				
Jheraidah	75.00	25.00	-	-
Kushtia	20.00	-	80.00	-
Lalbag (Dhaka)	-	100.00	-	-
Mymensingh	33.33	16.67	-	50.00
Natore	16.67	83.33	-	-
Rangunia	-	100.00	-	-
Rawzan	-	75.00	-	25.00
Tongi	-	77.78	-	22.2
Total	15.91	61.36	9.09	13.64

Source : Field Survey

There was no collusive action among the traders. They did not consult each other about prices and purchases. The bases of competition were mode of payment and the dealings with suppliers .i.e. *farias* and *beparis*. The small traders were intelligent enough not to involve in price competition with the large traders.

The *aratdars* offered goods for sale to the tanneries using the traders' indication of price. Each and every piece of hides and skins was examined by the buyers or by their selectors before offering price. Price was settled through

bargaining and both buyers and sellers used a register to quote their prices in writing. Hides and skins were sold on credit for 1 to $1\frac{1}{2}$ months and this system continued over the year. Aratdars tried to clear up the dues before *Eid-ul-Azha* in every year.

Aratdars worked on a commission basis which was fixed by their association. But the rates varied from market to market and also from *arat* to *arat* within the market. Thus, there existed weak collusion at this stage. They made payment after sale by several instalments spreading over the year upto *Eid-ul-Azha*. The various forms of payment as practised in the market are shown in Table 7.

Table 7. Mode of Payment Used By Aratdars .

Forms of payment	Market place		
	Chittagong	Dhaka	All
	Per cent of responses		
Before sale	27.27	10.00	14.63
After sale	27.27	86.67	70.73
Cash payment	45.45	3.33	14.63
Payment by instalments	18.18	23.33	21.95
Rolls over the year	45.45	73.33	65.85

Source : Field Survey.

It is observed from Table 7 that payment system is better in Chittagong than in Dhaka. Partial payment before sale was higher (27.27%) in Chittagong than in Dhaka (10.0%) and payment made by instalment was much less in Chittagong as compared to Dhaka.

Methods of Financing / Source of Working Capital

Muchis and butchers are the main suppliers of hides and skins in rural areas. *Muchi* needed little working capital for this business as he did not pay anything for fallen hides. On the other hand butchers got hides and skins as by-products because their main business was selling meat. So hardly any additional capital was required for the production of hides and skins.

It is revealed from the survey that 50% *farias* had only their own capital. Twenty five percent of them borrowed from traders in addition to their own capital, about 17% borrowed from money lenders while only one *faria* mentioned that he borrowed his entire capital from traders.

The source of capital for the *beparis* as found from the field survey is presented in Table 8. Whatever the source of finance the share of working capital of *faria* and *bepari* was very meagre in relation to their total business.

Table 8. Distribution of Bepari According to Source of Working Capital by Market Place.

Market place	Own Source	Source of capital		
		Self+Trader	Trader	Money lender
% of respondents				
Jhenaidah	75.00	-	-	25.00
Kushia	80.00	-	-	20.00
Lalbag (Dhaka)	60.00	20.00	20.00	-
Mymensingh	16.67	50.00	16.67	16.67
Natore	83.33	-	16.67	-
Rangunia	100.00	-	-	-
Rawzan	60.00	40.00	-	-
Tongi	88.89	-	11.11	-
Total	70.45	13.64	9.09	6.82

The traders used to run the business out of their own resources but the amount was less than 50% of the total value of their transactions. It was revealed that 6 out of 64 traders had borrowed from commercial banks to run the business in addition to own capital. But the number of borrowers from money lenders was higher than the borrowers of the commercial banks (Table9)

Table 9. Distribution of Traders According to Sources of Capital by Market Place.

Market Place	Source of capital		
	Own source	Bank	Money lender
	% of respondents		
Jhenaidah	100.00	25.00	50.00
Kushtia	83.33	33.33	16.67
Lalbag (Dhaka)	92.31	-	7.69
Mymensingh	100.00	20.00	10.00
Natore	100.00	14.29	-
Rangunia	100.00	-	-
Rawzan	87.50	-	50.00
Tongi	100.00	-	-
Total	95.31	9.38	14.06

Source : Field survey

It was also noted that about 41% respondents advanced credit to *beparis* just before *Eid-ul-Azha* for getting large supply of hides and skins at a cheaper price.

In the existing system, *araldars* hardly pay their clients before getting money from the buyer/tanneries. So there was no urgency for finance but those who had diversified their business through buying hides and skins on their own accounts obviously needed financial assistance. However, an impression was gained through discussion with *araldars* that they considered bank loan as unprofitable for this trade.

V. PERFORMANCE

Performance of hides and skins market in Bangladesh will be evaluated in terms of cost structure and problems of the market.

1. Cost Structure

The cost structure of hides and skins in different markets (share of different cost components in a Taka paid by tanner) is presented in Table 10 and cost structure of skins in Table 11. It is observed that there is significant variation in costs of different components among different markets. In particular, producers' share (cost of hides & skins), commissions of *araldars* and share of

intermediaries (hawker, *bepari* and trader) exhibit wide variation with respect to market place. This shows a very high degree of market imperfection. In fact, it can be concluded that hides and skins market in Bangladesh is characterised by highly discriminated and spatially segregated independent markets.

2. Problems of the Marketing System.

Problems of the existing marketing systems are analysed on the basis of the responses of the traders at *upazila* and district level and the *aratdars* at the central markets. But, before that a few general observations regarding the problems at the village level may be appropriated.

Table 10. Marketing Cost and Margins in Selected Market Places.
(Cost per sq. ft. of hide per Taka.)

Sl. No.	Item	Market Places						
		Kushtia	Mymensingh	Jhenaidah	Natore	Tongi	Lalbagh	Rawzan Rangunia
1.	Collection costs	.001	.002	.002	.003	.000	.002	.003
2.	Salt	.021	.020	.010	.019	.022	.024	.023
3.	Curing (Labour)	.001	.002	.001	.002	.001	.001	.001
4.	Transport :							
	Truck fare	.012	.002	.010	.016	.001	.002	.007
	Labour charges	.003	.001	.003	.001	.001	.001	.002
5.	Depreciation	.001	.001	.001	.001	---	---	.000
6.	Fixed cost	.001	.001	.001	.001	.002	.001	.001
7.	Commission and other charges	.030	.020	.025	.029	.020	.020	.008
8.	Others	.001	.002	.001	.005	.001	.001	.000
* A.	Total costs per Taka	.073	.051	.055	.077	.049	.052	.045
B.	Cost of hide	.654	.830	.736	.638	.877	.884	.450
C.	Margin to the intermediaries (Faria, Bepari & Trader)	.273	.119	.209	.285	.074	.064	.205
		1.000	1.000	1.000	1.000	1.000	1.000	1.000

* Because of rounding errors, figures sometimes do not sum to total.

It is already mentioned that fallen hides are collected by *muchis*. But *muchis* do not live in all the villages. So, the fallen hides are not collected in time from

the villages where *muchis* do not live. Delay in collection results in deterioration of quality due to bacterial action and vulture marks. Secondly, flaying method is poor. Generally, animals are flayed on the road side and local *hats* in rural areas. Even in urban areas slaughtering of animals outside slaughter house is very common. Similarly, curing procedure is also defective. They have no scientific knowledge for preservation. Storage system is not scientific.

Problems faced by traders

Traders faced problems both in buying and selling of hides and skins. Of the 64 traders, 50.13% mentioned inadequate capital as the major problem while harassment by the law enforcing people and poor quality of goods was identified by 10.94% and 6.25% respondents respectively. (See Table 12).

Table 11. Marketing Cost and Margins in Selected Market Places.
(Cost per sq. ft. of skin per Taka.)

Sl. No.	Item	Market places				
		Kushtia	Mymensingh	Jhenaidah	Natore	Tongi Lalbagh
1.	Collection costs	.005	.002	.002	.004	.003 .006
2.	Salt	.021	.021	.019	.020	.020 .021
3.	Curing (Labour)	.004	.001	.004	.002	.003 .003
4.	Transport :					
	Truck fare	.016	.005	.015	.029	.003 .003
	Labour charges	.004	.003	.003	.003	.002 .001
5.	Depreciation	.000	.001	.001	.001	
6.	Fixed cost	.001	.001	.001	.007	.001 .002
7.	Commission and other charges	.035	.036	.036	.035	.017 .017
8.	Others	.002	.002	.002	.009	.002 .003
* A.	Total costs per Taka	.089	.075	.083	.105	.051 .056
B.	Cost of skin	.667	.799	.652	.625	.830 .875
C.	Margin to the intermediaries (Faria, Bepari & Trader)	.244	.126	.265	.270	.119 .069
		1.000	1.000	1.000	1.000	1.000 1.000

* Because of rounding errors, figures sometimes do not sum to total.

In selling products, the problems faced by the traders were identified as delay in payment, credit sale, harassment by officials, uncertain market condition and transportation (Table 13). It was noted that about 83% respondents had received cash not more than 20% to 40% of sales value and the remaining 60% to 80% was paid by instalments. On the other hand, about

17% respondents mentioned that they got lumpsum amount before sale of goods.

Table 12. Distribution of Traders According to Problems Faced in Buying by Market Place.

Market place	Number of traders reporting problems		
	Lack of capital	Harassment by law enforcing people	Quality of product
Jhenaidah	4 (100.00)	-	-
Kushtia	4	-	-
Lalbag (Dhaka)	11 (84.62)	-	-
Mymensingh	6 (60.00)	-	4 (57.14)
Natore	6 (85.71)	3 (30.00)	-
Rangunia	7 (70.00)	4 (50.0)	-
Rawzan	7 (87.50)	-	-
Tongi	5 (83.33)	-	-
Total	50 (78.13)	7 (10.94)	4 (6.25)

Figures in parentheses indicate percentages.

Table 13. Distribution of Traders According to Problems Faced in Selling Hides and Skins by Market Place.

Market place	No. of traders reporting problems				
	Credit sale	Transportation	Uncertain market condition	Delay in payment	Harassment
Jhenaidah	4	-	-	3	-
Kushtia	4	3	2	6	-
Laibag (Dhaka)	7	-	1	10	-
Mymensingh	7	2	1	6	-
Natore	4	2	2	7	4
Rangunia	4	-	2	6	2
Rawzan	7	-	-	5	4
Tongi	4	-	-	3	-
Total	41 (64.06)	7 (10.94)	8 (12.50)	46 (71.8)	10 (15.63)

Figures in parentheses indicate percentages.

The existing system of delay in payment resulted in blockage of fund and hindered smooth functioning of the traders. Consequently they, in turn, had to buy raw hides and skins on credit basis and paid higher prices.

The traders in Natore, Rangunia and Rawzan faced problem in transporting hides and skins to *aratdars* at central markets. The security forces harassed them on the plea of smuggled goods.

Delay in payment has been considered as the most important problem in both the markets which created problem in smooth functioning at the lower level. The harassment of the traders by Government officials in Natore and Chittagong districts was also a problem which involved additional expenses.

Regarding credit sale by traders to the tanneries via *aratdars*, it was noted that the system had developed over years. This demanded huge capital which individual traders could not invest without external finance. Lack of regular demand was more acute in Chittagong than in Dhaka because many tanning units were not in running condition. About 10% *aratdars* of Dhaka market felt for the provision of legal right to face the tannery owners if they failed to repay.

The market was very uncertain. There was no consistency in demand, price fluctuated very frequently and practically it was beyond their control.

Inefficiencies of the transportation system, particularly of railways, such as

delay, rough handling, frequent strikes by employees was also mentioned as a problem. This caused deterioration of the quality of goods besides adding to costs.

Problems of Aratdars

Aratdars have been facing a number of problems in performing their work efficiently. The problems as perceived by the respondents were long delay and irregular payment by the tannery owners, harassment of the suppliers by the law enforcing authority, sales on credit, lack of regular demand, lack of legal backing and strikes etc., (Table 14). It is observed that the problems perceived by traders and aratders were similar.

Table 14. Factors Which Deter Proper Functioning of the Aratdars.

Factors	Percent of response in markets	
	Chittagong	Dhaka
Sales on credit	18.18	43.33
Harassment of traders	90.91	36.67
Lack of regular demand	63.64	6.67
Delay in payment	100.00	93.33
Not legal backing	-	10.00
Strikes	-	3.33

Source : Field Survey.

✓ VI. CONCLUSIONS

Hides and skins market in Bangladesh is spread geographically over the entire country. It is a four-stage market and different characteristics of both the sellers and buyers are observed at different stages. Concentration of buyers was greater than that of the sellers at every stage. But long term relationships have developed between buyers and sellers leading to a phenomenon of customer preference. There seems to be a tenuous bond of loyalty between sellers and buyers which is always under threat of breaking due to price incentives.

At each stage of market the seller has to deal with a more resourceful buyer. Therefore, the rules of the game are primarily determined by the buyer at

each stage. By and large the sellers are exploited by the buyers. The conduct is traditional. Modern system of conduct have failed to permeate the market so far. The high degree of market imperfection was evidenced by wide variation in producers' share in consumer price, share of intermediaries and also in commission of *araddars*. There exists highly price-discriminated, spatially segmented independent markets for hides and skins in Bangladesh.

Hides and skins market does not perform efficiently due to many problems of which sales on credit, delay in payment, inadequate transport facilities and the negative attitude of the concerned people are important. The long chain of collection of raw hides and skins, curing and storage are not done scientifically which results in high cost and low quality of the materials for the tanneries.

Finally, the institution involved in implementing the suggestions for improvement of the performance by various experts have not been effective so far.

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APPENDIX A

HIDES AND SKINS DEALERS

Muchis

They are the lowest rank in Hindu community. Hides from dead animals are collected by them. The poor financial conditions prevent them from accumulating any stock or waiting for higher return. So, after flaying the animals they sell the hides immediately to *Beparis* or traders. They travel upto 6 miles from their places to reach buyers' place, mostly on foot.

Farias

They are hawkers who collect hides and skins from the neighbourhood of their own villages and sell them at village *hats* or at *Upazila* level. Their purchases are seasonal and in small quantities which depend on the slaughtering of animals on religious social occasions and also for consumption of meat in general.

Beparis

They work at village, *Upazila* and district levels. They purchase from *Muchis* and butchers and *Farias*. Sometimes, some of them employ other people to help them in collecting hides and skins. Most of them (89%) purchase hides and skins in an area within a radius of two or three miles from their residence. They travel on bicycle or on foot. They have no permanent establishments exclusively for this business. Curing is done at homesteads.

The *Beparis* at *upazila* and district level also possess no permanent establishments. But their transactions are higher as compared to their counterparts' in villages. They purchase hides and skins and sell immediately if the market is favourable otherwise curing is done by them to preserve for the future sale.

Traders

Traders possess permanent establishments at the *Upazila* and district level. Generally, they purchase hides and skins from *Beparis* at their own shops and also from other places according to their requirements and capacities. It was found that in addition to normal purchase at their shops about 64% respondents purchased from other places also. Traders sort the hides and skins and cure it. They consign their two weeks' collection to the known *Aratdars*. They may or may not accompany the goods but an indication is made about the minimum selling price.

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Aratdars

Aratdars are mainly commission agents between the traders and the tanneries. Traders consign about two weeks collection to them. They receive their commission from the traders. They do not take title to the product. Generally they do not take any risk involved in this business either owing to quality deterioration or price fluctuation. But they act as a source of information.