

# The Prospect Of The Oldest And Promising Industry Of India: Jute

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## Abstract:

The Jute Industry plays an important place in the Indian National Income. This golden fiber meets the standard of safe packaging due to its nature friendly, biodegradable and renewable characteristics. India isn't only the leading jute good producing country in the world (approximately producing 70% of the total world jute product), simultaneously the export of Jute and jute products has increased at CARG 9% during 2015-2021. India which is highest producers of the world production of jute, most of the jute (nearly 90%) is consumed by domestic consumers due to its excessive market demand. For modernization and development of the Jute industry, National Jute corporation has taken several measures. West Bengal is one among the major producer of Jute in India. This study will show the status of the jute production within the state as well as nation also.

**Key Words:** Net exporter, Gross cropped area, Yield rate, Harvest price, Minimum Support price.

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## I. Introduction

In the development process of a country, agriculture serves mainly three functions i) to provide initial surpluses for other sectors of the economy ii) to provide wage goods to the industrial sector iii) to promote growth through forward linkages (provide inputs to industrial sector) and backward linkages (use outputs from industrial sector in agriculture). The first and the third functions require a robust overall agricultural growth whereas the second requires adequate food supplies. Therefore, for sustained economic growth overall agricultural growth is indispensable.

The Jute Industry is the oldest and promising industry in the country which plays an important place in the Indian National Income. This golden fiber meets the standard of safe packaging due to its nature friendly, biodegradable and renewable characteristics. India is the leading jute good producing country in the world. However, most of the jute (nearly 90%) is consumed by domestic consumers due to its excessive market demand.

West Bengal is one among the major Jute producing state of India. However after Partition in 1947, major Jute producing area went to East Pakistan (Now Bangladesh) and most of Jute mills remained in India especially in West Bengal. Now after handling the major threat during that period, how the West Bengal is performing in the production of Jute is our matter of concern. On the basis of above analysis we want to show the trend in growth in the yield rate of the Jute production during 200-2014 across the districts of West Bengal as well as agricultural performance of jute across the administrative division of West Bengal during that same period.

We have classified the paper into different section. Section 1 illustrates the profile of the Jute industry in West Bengal. This section is followed by section 2 that speaks about the objective of the study and section 3 that on methodology. Section 4 will describe the findings and section 5 concluded the section with recommendations.

### Section1: profile of the Jute Industry

India is a net exporter of agricultural product. According to Agricultural Statistics at a Glance -2021, Percentage of Gross Cropped Area to reported area in 2018-19 was 64.11% and Cropping Intensity (%) was 141.60. 71.55 million Hectre land was irrigated. Share of Agri & Allied sector in Total GVA at Current Prices 2020-21 was 20.0% Percentage Share of Value of Agricultural Exports to National Exports 2020-21 - 14.30% and percentage Share of Value of Agricultural Imports to National Imports was 5.30%. So India was a net exporter in agricultural & allied sector. In spite of falling the percentage share of Agri & Allied sector in Total GVA, a

majority of workforce (54.6%) were involved in agricultural activities ( including both cultivators and agricultural labour). Marginal Holdings (upto 1hectare) in 2015-16 was 68.45%, Small Holdings (1-2 hectare) was 17.62% and that on Others (Above 2 hectare) was 13.93%. So majority of the cultivators were in distress status.

India is the World's biggest producer of Jute followed by Bangladesh. Jute is primarily grown in West Bengal, Odisha, Assam, Meghalaya, Tripura and Andhra Pradesh. The jute industry in India is 150 years old. There are about 70 jute mills in the country, of which about 60 are in West Bengal along both the banks of river Hooghly.

Jute Textile Industry is one of the major industries in the Eastern India, particularly in West Bengal which helps the economy to earn foreign exchange. West Bengal is most successful for jute cultivation because its delta region is rich in alluvium. It is hot all the year round, it receives heavy rain above 200 cm and plenty of fresh soft water for retting, from the tributaries of Ganga.

Jute industry contributes to the export earnings in the range of Rs. 1,000 to Rs. 1, 200 crore annually . Jute supports around 40 lakh farm families and provides direct employment to 2.6 lakh industrial workers and 1.4 lakh in the tertiary sector. The production process in the jute industry goes through a variety of activities, which include cultivation of raw jute, processing of jute fibers, spinning, weaving, bleaching, dyeing, finishing and marketing of both, the raw jute and its finished products. All these processes need a bulky amount of labour. Therefore, it is a labour-intensive commodity. As India is a labour abundant country, so in production of jute, our economy enjoys comparative advantage.

Commercial jute fibres are obtained from phloem fibres. These are sclerenchyma fibres but because of their presence in phloem they are called phloem fibres. They are used in making ropes. Jute fibre's primary use is in fabrics for packaging a wide range of agricultural and industrial commodities that require bags, sacks, packs, and wrappings



**Production area in West Bengal:** Jute is grown in parts of the lower Ganges plains, especially in the districts of Midnapur, Bardhaman, 24 Paraganas, Malda, Murshidabad, etc. India's first jute factory in India was established at Rishra, near Kolkata in 1854. Prior to independence, India had monopoly in the both production of raw jute and jute manufacturing. However, Jute industry is marred with several problems right since independence. The first major blow to this sector was given by Partition. On partition, most of Jute mills remained in India while major Jute producing area went to East Pakistan (Now Bangladesh). Major problems those created a crisis in the Jute sector.

- **Shortage of Raw Material:** Despite of the Government efforts to increase area under Jute, India is not self sufficient in raw material. The raw material is imported from Bangladesh and some other countries. This necessitates a "Golden Fibre Revolution" in India.
- **Obsolete Mills and Machinery:** The mills and machinery in Jute sector are obsolete and need technology upgradation.

- **Competition:** Indian Jute industry faces competition in the global market with countries such as Bangladesh, Philippines, South Korea, Japan etc. The industry has become due to over dependence on jute sacks; and non-diversification.
- **Decrease in the Demand:** Jute products are fast losing market to plastic, synthetic fibres and similar substitute products.
- **Strikes and Lock-outs**

## II. Objective:

On the basis of above analysis we want to show the trend in growth in the yield rate of the Jute production during 200-2014 across the districts of West Bengal as well as agricultural performance of jute across the administrative division of West Bengal during that same period. Along with these we also uphold the status of jute production at all India level

## III. Methodology

The study is descriptive in nature based on secondary data published in Statistical Abstract 2015 as well as Agricultural statistics at a Glance-2020-21. The rank of the districts depends on the yield rate of the corresponding crop. However, descriptive crop profiles of the districts on the basis of the value of the yield rate of the Jute somehow clumsy. Therefore, to determine the rank of the districts on the basis of crop profile is essential. For the sake of calculation, we have cluster the district according to their administrative division. In West Bengal, districts are classified under following five division named are Jalpaiguri division, Burdwan division, Maldah division, Medinipore division and Presidency division. As our year of analysis span from 2000-2001 to 2014-2015, therefore we have categorized the 18 districts as per as 2014-15 status. Though in recent years periphery of districts are reshaped, we have not considered the latest structure due to non-availability of the current data on production in the West Bengal. So, this is our inadvertently limitation of the study.

## IV. Major Findings

**Table 1: District wise growth rate of production of Jute during 2001-2014**

	Proportion of the area under Jute in 200-01	Proportion of the area under Jute in 2014-15	Yield rate of Jute in 2000-01(In Kgs. per hectare)	Yield rate of Jute in 2014-15(In Kgs. per hectare)	Growth in yield rate of Jute
West Bengal	6.72	5.85	12.12	15.53	28.14
Burdwan	1.33	1.38	18.12	20.6	13.69
Birbhum	0.02	0.05	18.8	20.75	10.37
Bankura	0.08	0.06	18.8	20.75	10.37
Purba Midnapore	0.33	0.11	19.1	12.75	-33.25
Paschim Midnapore	0.20	0.33	17.25	16.31	-5.45
Howrah	4.11	1.32	14.96	17.6	17.65
Hooghly	7.54	4.22	17.79	22.76	27.94
North 24-parganas	10.86	10.49	13.92	17.42	25.14
South 24-parganas	0.33	0.09	10.35	20.87	101.64
Nadia	18.06	16.28	13.07	15.54	18.90
Murshidabad	18.68	16.34	13.49	14.38	6.60
Uttar Dinajpur	11.78	10.14	7.75	16.44	112.13
Dakshin Dinajpur	5.05	6.46	9.68	14.06	45.25
Malda	5.22	4.89	10.34	17.23	66.63
Jalpaiguri	7.90	6.35	9.06	13.44	48.34
Darjeeling	1.18	1.72	8.13	13.95	71.59
Cooch Behar	16.54	13.64	9.31	13.79	48.12
Purulia	-	-	-	-	-

Source: Statistical Abstract(2015)

**Table 2: Division wise distribution of the districts in West Bengal**

Name of the division	Jalpaiguri division	Burdwan division	Maldah Division	Medinipur division	Presidency division
Name of the districts	Jalpaiguri, Darjeeling, Coochbehar	Burdwan, Birbhum, Hooghly	Maldah, Uttar Dinajpur, Dakshin Dinajpur, Murshidabad	Bankura, Purulia, East Medinipore, West Medinipore	Howrah, Nadia, North 24 Parganas, South 24 parganas

**Table 3. Division wise average yield growth rate of Jute in West Bengal**

Division	Average yield growth rate of Jute
Jalpaiguri	56.02
Burdwan	17.33
Maldah	57.65
Medinipore	-7.08
Presidency	40.83

Source: Computed by author herself

**Table 4. District wise growth rate in both harvest price and yield rate of Jute in West Bengal**

Name	Harvest Price in 200-01	Harvest Price in 2010-11	Growth rate in harvest price	Yield growth rate
West Bengal	771	2828	2.67	0.18
Burdwan	790	2600	2.29	0.16
Purba Midnapore	754	2590	2.44	-0.08
Paschim Midnapore	600	2475	3.13	-0.12
Howrah	741	2821	2.81	0.35
Hooghly	751	2800	2.73	0.20
North 24-parganas	775	2870	2.70	0.37
Nadia	778	2759	2.55	0.05
Murshidabad	734	2900	2.95	0.10
Uttar Dinajpur	812	2850	2.51	0.67
Dakshin Dinajpur	757	2700	2.57	0.41
Malda	752	2904	2.86	0.37
Jalpaiguri	851	2750	2.23	0.33
Cooch Behar	798	2870	2.60	0.02

Source: Compiled from Statistical abstract , 2015

From the above table we can show that for Maldah division where the growth in average yield rate was highest was also recorded highest growth in harvest price. This outcome is reflected the fact that high yield rate may bring price advantage for the producer. Following statistical analysis also suggested that though the yield growth rate had small influence on the growth of harvest price , however the outcome is statistically significant with 95% level of significance.

SUMMARY OUTPUT									
<b>Regression Statistics</b>									
Multiple F	0.269328								
R Square	0.072537								
Adjusted R Square	-0.02021								
Standard Error	0.245622								
Observations	12								
<b>ANOVA</b>									
	df	SS	MS	F	Significance F				
Regression	1	0.047185	0.047185	0.782106	0.397263				
Residual	10	0.603304	0.06033						
Total	11	0.650489							
<b>Coefficients</b>									
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%	
Intercept	2.733769	0.099655	27.43245	9.6E-11	2.511725	2.955813	2.511725	2.955813	
	0.1617	-0.27887	0.315331	-0.88437	0.397263	-0.98147	0.423733	-0.98147	0.423733

**Table 5: Minimum Support Price of Jute (Rs. per quintal)**

Commodity	2017-18	2018-19	2019-20	2020-21	2021-22
Jute	3500	3700	3950	4225	4500

Source: Directorate of Economics & Statistics, DA&FW\*Including Bonus of Rs. 100 per quintal.^ Including Bonus of Rs. 200 per quintal. ^^ Including Bonus of Rs. 425 per quintal. @ Including Bonus of Rs. 150 per quintal \$ Fair & Remunerative Price

**Table 6: All India Weighted Average Cost of Production (A2+FL) of Jute (Rs. Per Quintal)**

Commodity	2017-18	2018-19	2019-20	2020-21	2021-22
Jute	2160	2267	2535	2709	2832

Source: CACP

*Note:1 Cost A2 includes all actual expenses in cash & kind incurred in production by Owner and rent paid for leased-in-land.*

*2.Family Labour(FL) is calculated on the basis of statutory wage rate or the actual market rate, whichever is higher*

Above data reveals that Government has announced minimum support price including 50% profit over the cost of production.

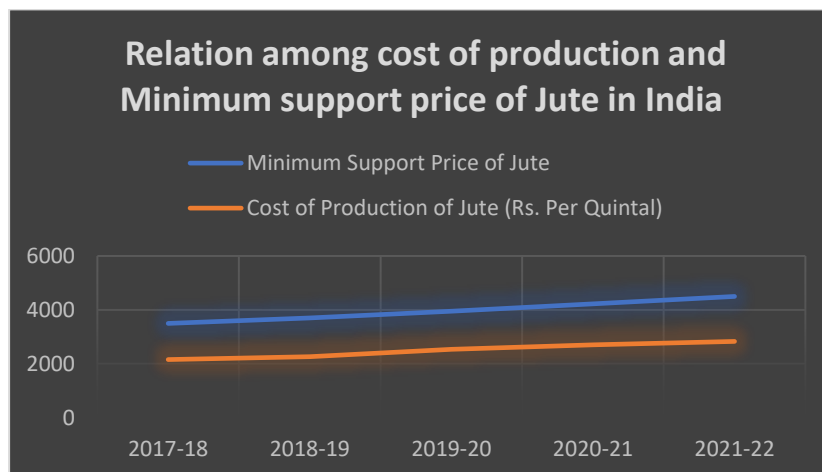


Figure 1

From the above figure it is clear that

**Table 7: Percentage of Area of Jute Production insured (Area in Lakh Hectare)**

Commodity	2016-17	2017-18	2018-19
Jute	9.42	3.83	4.43

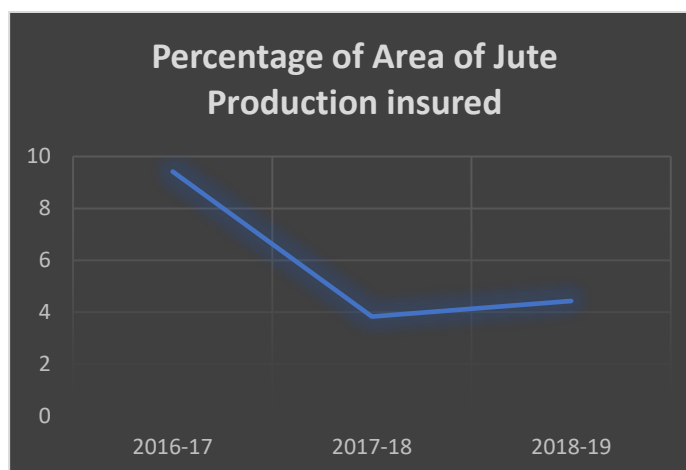


Figure 2

Inspite of the support from the government through MSP, a sharp declined insured percentage of area of Jute production during 2016-18. However after that there was a marginal recovery after 2018.

## V. Conclusion With Recommendation:

For quite a few years now, prices of jute goods have been stagnant, while manufacturing costs are up. High labour cost and lack of technical break through are responsible for low return Nearly 70 per cent of the jute goods production of 16 lakh tonnes is sold for packing vegetables, sugar and foodgrains, while the rest goes for

other uses and exports. Over the years though there is diversification of its use into shopping bags, geo-jute and other products and decentralised units are coming up elsewhere. But the industry is still dependent on the foodgrains packaging sector and here the industry fortunes are linked to government policy on packaging. Competition from other synthetic product hinder the growth of the market of this product. So, government should take more supportive measure for the sustenance of this age-old industry . Government should encourage to produce more diversified jute products so that export volume of jute products will be enhanced and enhance the earning of foreign reserve.



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