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AN EVALUATION OF THE JUTE INDUSTRY: PAST AND PRESENT WITH SPECIAL REFERENCE TO WEST BENGAL

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Abstract:

The jute industry was not mentioned in the current textile policy from 1985. In actuality, there is no comprehensive policy for jute textiles. However, the Indian government periodically developed a number of programs and took a number of actions to encourage modernization, diversification, product development, R&D activities, and exports, as well as to increase demand for packaging materials in the domestic market. So, in this article an evaluation of the jute industry: past and present with special reference to West Bengal has been discussed.

Keywords: Jute, Industry, West Bengal

INTRODUCTION:

A prominent position in the national economy is held by the jute industry. One of the key industries in the east, notably in West Bengal, is that one. It provides over 40 lakh farming households with financial support, as well as 2.5 lakh industrial workers with direct employment and another 20 lakh people with livelihoods in the secondary and tertiary sectors. The packaging industry is where jute products are primarily sold. Jute satisfies all requirements for "safe" packaging due to its inherent benefits as a natural, renewable, biodegradable, and environmentally beneficial product.

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With an established capacity of over 19.5 lakh metric tons per year, the jute sector comprises 73 composite jute mills, 59 of which (81 percent) are in West Bengal. A major portion of this capacity is underutilized due to a mismatch between supply and demand. Since there are no independent powerloom units, the decentralized sector mostly consists of a number of twine and spinning units, a few converters and processors, and a few units in the handloom and handicraft sectors. [1]

RESEARCH METHODOLOGY:

Field of Study:

This study was focus on a sizable textile factory that is wholly owned by the state of West Bengal. Nearly three thousand people work for the company across its two production plants in neighbouring districts close to the state capital and its headquarters in the city of Calcutta. It was founded as a public limited corporation in 1960, with its initial location in a brand-new township that had its origins in a 1958 government initiative in West Bengal. The project's primary goal was to discover answers to two key issues relating to the socio-political environment in West Bengal at the time, in addition to achieving the typical benefits of industry (such as the acceleration of wealth in economic life in general). The state of Bengal was put through a lot of hardship when India's independence resulted in its split. The partition of India in 1947 presented West Bengal with its greatest existential challenge to date. Most of the fertile and principal grain producing part of the Gangetic delta, as well as the richest and most extensive fisheries, had gone to East Pakistan (now Bangladesh), which threw the economy into complete disarray; the most important industry in Bengal, jute textiles, lost raw jute producing areas when East Pakistan split off; the political separation of a large number of Bengali speaking people also harmed the Bengali publishing and film industries; and, most importantly, i. In addition to these challenges, the state was also weighed down by the large number of refugees that arrived in the two decades following independence. There are likely many more refugees who have not yet registered despite official estimates putting the number of registered refugees at around 4.2 million up through July 1970. The refugees remained long-term liabilities for West Bengal since the "exchange of property" idea was not applied to the Eastern boundaries like it was in Punjab. Though insufficient to meet the need, the State and Central Governments took some measures to deal with the situation, the most positive of which

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was the creation of employment opportunities through the process of industrialization. The current textile factory is similar to others that were mandated to carry out the government's rehabilitation policy for? Refugees, who were brought in primarily as a source of labour. Because of this oddity, the company developed some special traits that caught the eye of the researcher. The second factor contributing to the severity of the employment crisis was the fact that many of the skilled weavers in the neighbouring districts were going out of business due to a lack of raw materials (fine grade cotton yarn).

Since weavers' cooperatives could employ a large number of people and provide a solution to the widespread unemployment problem, the government set a secondary goal of ensuring the supply of the necessary quantity of cotton yarn through these organizations. This well planned industrial unit began operations with these two primary goals in mind and largely imported machinery. And it was turning a healthy profit in less than two years. Though revenues did not increase annually, this pattern persisted for the next five years, until 1966–1967. The company expanded in 1966 by opening a second branch in a region also inundated by displaced people. Negative balances of over 80 crores of rupees have been gradually and continuously shown by the second unit from its inception and the first unit since 1967.

Methodology:

Since 59 of the 76 mills were located within West Bengal and the remaining 17 are located elsewhere, we decided to focus our research on just that state. Both pre- and post-independence time periods, primarily through 2002, with some notable exceptions up to 2005, will be discussed. Our research relies on information gathered from both primary and secondary resources.

Field surveys have been used to acquire the primary data. Before visiting 45 jute mills in West Bengal to collect data and information for our research, we developed a questionnaire to use throughout our visits.

This investigation has taken the following approach: We conducted in-depth interviews with 45 jute mills' managers, officers, workers, and trade union leaders across the districts of south 24 pgs., north 24 pgs., Howrah, and Hooghly in West Bengal. In addition, we have amassed data and information (both public and private) from the Jute Commissioner's office, the Jute Manufacturers Development Council, the National Centre for Jute Diversification, and The

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Jute Corporation of India Ltd. Bureau of Indian Standards, Indian Jute Mills Association, Directorate of Jute Development, Central Research Institute for Jute & Allied Fibres, Indian Institute of Packaging, National Institute of Fashion Technology, Indian Institute of Textiles, and the Directorate of Jute Development Annual Reports. Existing works and literature on the topic have also been heavily relied upon. Because they were closed for practically the entirety of our field survey, I was unable to access the remaining 14 jute mills. Both primary and secondary data have been collated and analyzed to shed light on the current state of the jute and cotton industry in West Bengal and the nature of the challenges it faces.

PRESENT SCENARIO OF JUTE INDUSTRY:

The jute sector has faced a growing number of issues recently and is currently fighting for existence. The sector is having trouble because of a number of structural flaws. Which are: (a) Instability in raw jute output: From season to season and even within a season, there has been a noticeable volatility in raw jute production and pricing, mostly due to the impact of the weather and unpaid returns to the producers. [2] It's been a cyclical occurrence. The issue has been made worse by trade and industry's lack of support for matching purchases and by institutional bodies' insufficient market action. (a) High labour cost: The industry has an exceptionally high labour cost, which represents 35–40% of the cost of production. Wage distribution is unrelated to production. Low labour productivity and a high man-to-machine ratio have contributed to high mandays per ton, a standard metric for gauging production. This varies from mill to mill and ranges from 30 to 50 mandays per tonne, with 40 to 45 mandays per tonne being the norm in most mills. The industry has been holding a sizable surplus of workers who are already of retirement age but who cannot be retired because of a lack of funding. All of this has caused a significant increase in salary costs. (c) Demand erosion: The domestic market is facing significant challenges because of the unfair and intensifying competition from synthetics. With the exception of urea, the markets for packing cement, chemicals, and fertilizers have completely vanished due to inexpensive synthetic packaging. In defiance of the statutory reservation order issued under the Jute Packaging Materials (Compulsory Use in Packing Commodities) Act of 1987, synthetic bags are being utilized increasingly frequently, even in the case of urea. Food grains, oilseeds, and sugar are the main goods still packaged in jute bags. The industry is not guaranteed a constant demand from these

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sectors throughout the year because the packaging demand from these agriculturally based commodities is seasonal and changing in nature. In addition, the government recently permitted the sugar business to utilize 20% non-jute packaging material in the case of a "temporary shortage" of jute bags. Due to fierce and increasing competition from Bangladesh, which is openly selling jute products at reduced costs in international markets, export demand has plateaued at about 2 lakh metric tons per year. Due to the development of bulk cargo handling and competition from synthetic packaging, the global export of jute goods has remained essentially constant at 8–9 lakh metric tons annually. (d) Machinery obsolescence: The industry has been operating with outdated technology and equipment while using an excessively large workforce. Machinery maintenance and upkeep have suffered. Most suitable new technology machines with higher efficiency and speed are imported since domestic production of such equipment is highly expensive. (e) Uneconomical working: While the cost of production has been rising steadily due to inefficient production factors and the inevitable increase in the cost of wages and other inputs, revenue realization from sales has lagged behind cost by a significant margin, further widening the gap between cost and revenue. [3]

These elements working together have caused widespread illness in the jute sector. As many as 29 out of the 59 jute mills in West Bengal had their cases forwarded to the BIFR, and several of them are now operating under rehabilitation agreements that have been approved by the BIFR. A few sick units are also operating per court rulings. Numerous mills have accrued significant arrears on statutory obligations like PF, ESI, sales tax, etc., and the financial status of several mill firms has deteriorated. Given this circumstance, the bulk of the mills lack the resources necessary to finance extensive machinery modernization and renovation.

POLICY PRESCRIPTIONS IN THE PAST AND IMPACT:

The Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, the implementation of the GOI-UNDP-assisted National Jute Development Program, the grant of external market assistance on selected value-added jute products, the permission for duty-free import of jute machinery, and the inclusion of jute in multifibre textile policy were the most significant of these measures. While some progress has been made under these programs in the areas of research and development, product development, and expansion of diversification

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activities in the decentralized sector, the modernization program that was carried out under the Jute Modernization Fund Scheme made limited progress with the disbursement of just Rs. 51.73 crore, primarily due to the lack of indigenous machinery and the prohibitive cost of imported machinery combined with the high incidence of import duty and large-scale importers. [4] To support the financial implementation of various jute-related activities in the industry, labour, research and development, and raw jute sectors, the Special Jute Development Fund of Rs. 100 crore was established. While the progress of using funds set aside for agriculture, research and development, and product diversification was generally satisfactory, the progress of using funds set aside for industry and the labour sector was insufficient due to a number of practical issues encountered and an unsatisfactory use of the JMFS package, with which it was closely associated. Due to widespread violations by the cement industry since the order's commencement and ineffective enforcement, the jute industry has not reaped the benefits it had hoped for from the execution of the mandatory jute packaging order. Yarn exports and the export of a few other value-added products have benefited from the Export Market Assistance Scheme, which is managed by JMDC. However, the Council's lack of necessary cash has caused significant payment delays for EMA claims. Each of these initiatives was meant to support the jute industry, but their implementation ran into a number of problems that prevented them from having the anticipated effect. Because of this, both local and export demand have stalled, and mill sickness rates are rising. Markets for conventional packaging materials have been rapidly contracting while production costs have been continually rising. [5]

Jute Manufactures Development Council (JMDC), Jute Corporation of India (JCI), National Centre for Jute Diversification (NCJD), Directorate of Jute Development, Indian Jute Industrial Research Association (IJIRA), Central Research Institute for Jute and Allied Fibres (CRIJAF), and National Institute of Research on Jute and Allied Fibre Technology (NIRJ) are among the central and state agencies and support organizations that work with the Jute Commissioner, which is the primary one. The Committee believes that it is urgently necessary to develop an integrated jute policy that covers all jute-related activities. This policy should operate under the general supervision of an apex body for the purpose of coordinating the activities of various organizations and effectively monitoring the development programs on the ground so as to

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more effectively reap their benefits. The inclusion of the Textile Commissioner in the top coordination body will also be desirable, as the Committee believes that the future of jute rests in jute-diversified products (JDPs), including various fibres and textile processing technologies.

The primary goals of the integrated policy should be to raise output and improve the quality of raw jute on the one hand and to enhance demand for jute products on both domestic and global markets on the other. Through the advancement of spinning and weaving technology, it should also strive to create new generations of value-added, cost-competitive, and performance-effective jute and jute-blended products. The industry needs to pay more attention to the promotion of packaging material for both traditional and new end-uses, with a focus on the bio-degradable and eco-friendly attributes of jute as a natural fiber, so that it does not rely solely or primarily on mandatory packaging regulations. While steps for product improvement, modernization, and diversification of the product mix towards value-added items should be actively encouraged and liberally supported by funds, this attention would need to be paid in addition to other areas. [6]

SICKNESS:

29 of the 73 jute mills in India have been labelled as sick, and many more are on the verge of illness as a result of the widening gap between production costs and price realization, which is eroding their economic sustainability.

The Committee has determined the following areas needing particular attention in order to address the issue:

(a) A fundamental shift in strategy for enhancing the productivity and quality composition of raw jute, supported by complementary, need-based marketing support;

(b) A liberalized approach to capital goods imports, including imports of used commodities;

(c) Cost reduction through technological advancement and domestic manufacturing of machinery, with sufficient funding support from the government on more lenient terms;

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(d) Manpower rationalization to reduce excessive wage costs through a liberalized labor policy and the implementation of a wage structure tied to productivity;

(e) Constructing power plants, particularly captive generators, to lower rising energy costs and enhance power quality;

(f) A stronger focus on diversification in both the organized mill sector and the decentralized sector, as well as gradual blending with other fiber textiles through diversified jute products (JDPS), maybe with the exception of the conventional commodity packaging component;

(g) Increasing research and development activities to create packaging and non-packaging goods that function well and are competitively priced;

(h) An active push by the government, when necessary, to expand marketing channels for both conventional and diversified jute goods both inside and outside the nation;

(i) A significant marketing effort to promote jute packaging for coffee, chocolate, and other food goods. In European nations, it has been determined that putting coffee, cocoa beans, and edible nuts in jute bags free of hydrocarbons is absolutely safe. In order to encourage the use of jute bags, it may be necessary to mandate their usage for a brief period of time for certain products in the nation;

(j) Place a focus on HRD to develop a trained workforce cadre at the plant level; and

(k) Establishing an apex body to ensure better coordination between various organizations working in the jute sector;

(l) The government may develop standards for prospective viable and non-viable sick mills in cooperation with TRAs and AIFIs. While non-viable sick mills are allowed to close and allowed to sell assets to pay the statutory and other dues, viable sick mills may be revived through a rehabilitation fund. The Committee has suggested liberalizing the I.D. Act for an easier exit policy.

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PRODUCTIVITY OF RAW JUTE AND UPGRADATION OF QUALITY:

Jute is grown on between 7 and 8.5 lakh hectares of land, while mesta is grown on about 2 lakh hectares of land. While mesta output has stayed constant at roughly 5 to 6 bales per hect, jute productivity has increased to 11 bales per hect, which is more or less on pace with Bangladesh, in contrast to almost 14 bales per hect. China has already achieved this. Due to pressure from other competing crops, additional area development is not viable, so coordinated efforts are needed to boost raw jute's productivity and raise its quality. In order to meet the growing demand for various jute products and lessen reliance on imports, superior-grade production needs to be increased. [7]

Improved or hybrid varieties of seeds that can withstand waterlogging to some extent and fit in the rotation of transplanted paddy are being developed to increase the productivity of jute and mesta. It is necessary to increase the supply of foundation, enhanced, and breeder seeds so that high-yielding strains can cover about 90% of the entire area instead of the current 50%. While CRIJAF can handle the complete production of breeder seeds, it would be necessary to reinforce the current arrangements for the production of foundation seeds and the multiplication of improved seeds. In order to ensure timely placement of seeds at multiple distribution stations within easy reach of growers, the channel for certified seed distribution would also need to be reorganized. With the exception of one notable variation, no new varieties have been introduced in the past 20 years. Again, for mesta, certified seeds are not readily available, and the seeds that are currently in use are replicated by private organizations with little to no oversight of their practices or standards of quality. There would need to be a solution to the issues in these locations. [8]

There are two key areas that need to be addressed in order to improve quality. These include the widespread use of (a) line sowing supported by better weeding and thinning technology and (b) improved retting techniques utilizing ribbon retting technology and enzymatic treatment.

Jute farming requires a lot of labour; the average labour requirement per hectare comes to about 300 mandays, of which almost 100 are needed for weeding and thinning operations. The use

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of weeders and the use of proper weedicides could greatly reduce the number of mandays per acre.

The provision of suitable marketing assistance to producers is essential for achieving targeted increases in productivity and quality, as the returns to the farmers have a bearing on their choice to plant the area with jute. With so many middlemen standing between the jute grower and the final consumer, the current system of marketing raw jute has a number of flaws. The biggest barrier preventing farmers from realizing a lucrative price is this. JCI's effective action can significantly alleviate the marketing ills and stabilize the price of raw jute at fair levels. The involved state governments would be obliged to give the Jute and Mesta Development Programme (JMDP) the greatest priority as it is executed in order to increase production and quality. If co-operatives, particularly village-based primary societies, are mobilized for participation in procurement under the watchful eye of JCI, price support operations by JCI, whenever necessary, can be expanded. The Committee believes that the concerned state governments should take a proactive approach to enhancing the cooperative network so that jute farmers may effectively serve as agents of JCI for the proper implementation of MSP. Most jute markets lack crucial amenities for efficient trading, such as grading, auctioning, weighment, storage, etc., which motivates the idea of levying a fee to operate in these markets. For the many development projects to be implemented successfully, there needs to be better coordination between the relevant central and state institutions. The Committee thinks that more focus should be placed on increasing jute's productivity. After output is increased, market forces will take control; therefore, JCI may not need to intervene in the market as much. [9]

The Committee believes that a Technology Mission for Jute (JTM), modelled after the Cotton Technology Mission, would be a positive step toward strengthening the marketing infrastructure and ensuring the successful implementation of the JMDP. This would include involving the jute industry through the adoption of pilot areas for the provision of necessary inputs at reduced prices, the display of improved packages of practices, the provision of adequate marketing support to farmers, etc. The mission might be divided into two smaller missions: one to improve productivity and quality under the supervision of the Union Ministry of Agriculture, and the other to upgrade the infrastructure for raw jute selling arrangements

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under the supervision of the Ministry of Textiles. The Union Ministries of Agriculture and Textiles may jointly determine the operating guidelines and financial requirements. [10]

The involved state government's active interest and participation are crucial for the proposed JTM to be implemented successfully. The Committee suggests that a combined working committee comprised of senior officials from the Union Ministries of Agriculture and Textiles, the primary state governments that produce jute and mesta, R&D organizations, and representatives of jute consumers, among others, should be formed to oversee the program's field-level execution on a regular basis.

PRODUCTIVITY OF JUTE INDUSTRY:

Given the current cost structure, which is intrinsically unprofitable, a concerted effort should be made to reduce the rising prices of raw materials, labour, and power in order to maintain the competitiveness of jute goods. Technology advancement should be prioritized in order to reduce costs and increase productivity by gradually domesticating the manufacture of machinery in crucial industries like spinning, weaving, and preparation. If workers actively cooperate and agree to a suitable man-machine ratio, it should be possible to achieve 30 mandays per ton, which is thought to be feasible with the machinery currently in use (20 following technology upgrades). After paying the gratuity obligations from the sale of its surplus assets, such as land assets, the resulting redundancy of labour could be balanced against natural wastage, redeployment, and retirement of a significant number of super-annual superfluous workers. Representatives from the industry emphasized that at least 50% of salaries should be dependent on productivity over time. The Committee concurs with this recommendation and urges the State Government(s) to actively engage in a dialogue with the labour unions to ensure that the idea of productivity-based pay is accepted for the long-term benefit of employees and the industry and that its coverage is gradually expanded.

To reduce rising energy costs and enhance the quality of the power, jute mills may be freely permitted to put up their own power facilities, including captive generators. The current requirements call for state government approval. For the installation of captive power

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generation, all restrictions should be lifted, and mills should be free to install captive generators as they like. [11]

The industry should gradually alter its product mix, focusing primarily on the development of smaller, lighter consumer packs with features like moisture barrier, fire retardancy, water proofing, rot proofing, dyeing, bleaching, and printing in accordance with consumer demands.

A close connectivity between the two sectors should be established with the necessary support from organizations like NCJD and JMDC, as units in the decentralized sector heavily rely on jute mills in the organized sector for the supply of yarn (including blended yarn) and cloth. It is important to promote the production of jute-blend yarn and clothing that contains ramie, flax, cotton, wool, viscose, and other fibres.

The coordination of many of R's actions is urgently needed. D. Institutions working to produce various jute products to ensure technological transfer and unit-level product commercialization. Additionally, they should focus more on expanding their product offerings in the packaging industry through increased worker and machine productivity, energy efficiency, in-process quality control, and manpower training, with an emphasis on jute products' eco-friendly and biodegradable qualities.

The standardization and quality control of traditional and non-traditional jute and jute-based products is another area that needs attention. The Committee advises that a brand name or symbol, such as "Woolmark," be established for use on jute consumer items. This will require setting acceptable quality standards and creating facilities for testing and quality assurance marking. Customers will feel more confident as a result, which will encourage the sale of these products.

It is important to encourage business owners, especially those who already operate in the organized sector, to build spinning, weaving, processing, finishing, and packaging facilities near the major consumers. This will save a lot of money and increase the use of jute in both packaging and non-packaging applications. These units will be a financially viable option thanks to lower labour costs, fewer overhead costs, and better market-driven demand and production profiles. Entrepreneurs should be given the required financial incentives that are

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currently offered for new industrial operations in order to construct these units. This is where the recently introduced Technology Upgradation Fund Scheme (TUFS) would be helpful.

STRATEGY FOR MODERNISATION OF JUTE INDUSTRY:

The modernization strategy should include two approaches to technology adaptation and upgradation: one to upgrade the existing machinery for the production of traditional jute goods at a competitive price by developing low-cost conversion kits, and the other to introduce new technology equipment's for the production of value-added diversified products. With the exception of a few suitable new technologies, machinery is not readily available domestically, and importing such new equipment is not economical. However, there are plenty of mills that have bought reasonably high-quality used machinery from abroad to use in the production of high-value exportable goods like carpet and yarn. Therefore, the primary goal of the strategy should be to intensify efforts to set up domestic manufacturing of high-speed, high-tech equipment at competitive prices in order to lower production costs and raise product quality. The Committee is pleased to see that, under the UNDP-supported program, progress has already been made in this direction. The R. would need to step up these efforts. & D. The GOI-UNDP support program should provide generous financial support, ideally in the form of a grant, for the cost of such machinery. Leading machinery makers will be inspired to start developing suitable jute machinery with fast, efficient energy consumption and other cutting-edge features. To make the cost of investment reasonable for jute mills, imports of both new and used equipment should be permitted on a duty-free basis. This is because the indigenization of new technology and machinery will take some time. [12]

The Committee noted that the utilization of funds under the Rs. 150 crore Jute Modernization Fund Scheme, which was introduced in November 1986, was unsatisfactory because (a) improved machinery from domestic sources was not readily available; (b) the mills' poor financial health; and (c) strict terms and conditions set by financial institutions rendered many mills ineligible for assistance under the Scheme. Out of the sanctioned amount of Rs. 97.72 crore covering 25 cases, only Rs. 51.73 crore could be disbursed as of April 31, 1995. This program was discontinued on April 1st, 1995.

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As previously indicated, the Government's Technology Upgradation Fund Scheme (TUFS) for the textile and jute industries was recently introduced. However, the sector representatives warned the Committee that the jute industry, which has a high number of sick units, would not be able to benefit from the TUFS since most of them would not be able to meet the requirements of the plan. They recommended that (a) a provision be made for the sanction of a special loan on softer terms to meet a portion of the promoters' contribution for weak but potentially viable units, as it would otherwise be difficult for them to mobilize the necessary promoters' contribution out of their own resources; (b) since new machinery with advanced technology is, for the most part, not manufactured commercially within the country and the import of such equipment's is prohibitive, upgrading existing machinery should be considered.

CONCLUSION:

However, it will be challenging for the Committee to suggest radical changes for one sector given that TUFS places a strong emphasis on technical advancement across the textile business rather than the rehabilitation of ailing units. The Committee believes that all other issues become superfluous in the absence of new technology or proper apparatus; therefore, liberal government must receive the most attention. Assistance for time-bound large R&D to manufacture high-tech equipment domestically over the next two years and to commercialize it so that the industry can access it within the first five years of TUFS operation. The healthier units would be able to access TUFS funds for technological upgradation with the support of a more lenient vintage stipulation of, say, 10 years instead of the current 5 years and a more lenient import duty structure on the import of new or used gear. Such units shouldn't have any trouble getting lean and fit thanks to the VRS facility offered by the TUFS. Sick units will need to take the BIFR route, and those that are determined to be nonviable should be disbanded. The Committee has the well-reasoned opinion that sick and non-viable units have no place in a market-based economy and that concessions serve no beneficial purpose. It is preferable that these resources be used to build new, useful assets and jobs. However, the Committee has suggested creating a rehabilitation fund to raise potentially viable units to the TUFS's creditworthiness level so that they can eventually apply for a loan through the TUFS.

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