



What Factors Have Affected The Localisation of Jute Industry in Eastern India ? Also, Highlight The Major Challenges Facing The Industry in Recent Times. (250 Words / 15 M) (GS-1 Industries)

Approach:

1. Introduction on the state of jute industry.
2. Mention the factors responsible for localisation.
3. Elaborate the challenges faced.
4. Conclusion

The Jute Industry in West Bengal is in a state of disarray. The **area under jute cultivation** has been **falling** and so is the price of jute. Several mills are on the verge of closure, putting the livelihood of thousands of people dependent on them in jeopardy. Jute is the **2nd important** fibre crop in India. The Jute Industry in India is 150 years old. According to the Indian Jute Mills Association (IJMA), there are about **93 jute mills** in India, of which **70** are in **West Bengal**.

Factors for localisation of jute industry in West Bengal:

- **Raw material:** **West Bengal** is the **largest producer of jute** and most mills are located there.
- **Water supply:** **High rainfall** and presence of **rivers** ensure **abundant water** for processing raw jute fibres.
- **Easy Transportation:** The region is **well connected** by a good network of railways, waterways, and roadways to facilitate the movement of raw materials to the mills. **Inexpensive water transport** is also provided by the **Hugli river**.
- **Labour:** Availability of **cheap labour** from West Bengal and the adjoining States of Bihar, Orissa, and Uttar Pradesh.
- **Kolkata** as a **port** and **large urban centre**, provides **banking, insurance, and port facilities** for the **export** of jute products.

Challenges inflicting the industry:

- India **lags behind Bangladesh** in producing superior quality jute fibre. Bangladesh accounts for **75% of global jute exports** while **India's share is only 7%**. Even India imports jute products like yarn, floor coverings and jute hessian from Bangladesh.
- India is **not self-sufficient** in the supply of raw material. To meet the growing need of the industry, raw material is **imported** from **Bangladesh, Brazil, and Philippines**.
- **Intensified cyclonic activity** in the region as a result of climate change has impacted production of jute e.g., In May 2020, **Cyclone Amphan** caused considerable damage to the crop. A report by the Commission for Agricultural Costs and Prices (CACP) said that a lower quality of jute fibre was produced in 2020-21 due to the cyclone. Farmers had to **harvest** the crop **prematurely** due to **water-logging**.
- Jute products **costs higher** than synthetic fibers and packing materials, particularly



nylon and thus losing its market.

- The mills **procure** raw jute at **higher prices** than their selling price. **Mills do not acquire their raw material directly from the farmers**, but instead through intermediaries due to cumbersome procurement process. The **middlemen charge** mills for their services which involve procuring jute from farmers, grading, bailing and then bringing the bales to the mills.
- The government has a fixed **Minimum Support Price(MSP)** for raw jute procurement from farmers which is **4,750 per quintal** for the 2022-23 season. However, jute reaches mills at **Rs. 7,200 per quintal**.
- The recent crisis began with the notification which capped the price of raw jute at Rs. **6,500 per quintal**. However, mills are procuring material at INR 7,200; So, a mill owner estimates **12 Lakh loss per day** forcing him to shut down his mill.
- **10 mills** have already **closed down**, and **more mills are feared to follow suit**.
- Another issue is the **non-implementation of the Tariff Commission's report** for fair price of **Twill jute bags (bought by the Government)**. The Commission submitted report in March 2021 but it has not been implemented. This has led to a **loss of Rs.1,500 crore** to the industry, according to mill owners.
- The losses have **hampered** to ability of mill owners to **invest in new machines / technology** or undertake innovation to diversify the products.

Bio-degradable, eco-friendly jute products have a very big international market. But there is an urgent need for the domestic jute market to diversify. The need of the hour is to upgrade and adopt new technology, new manufacturing standards and evolve with time. The Government must support the jute industry and enhance its competitiveness through appropriate policy interventions.