

**Chapter-2**  
**Historical**  
**Background of**  
**Jute Industry**

## CHAPTER- 2

### HISTORICAL BACKGROUND OF JUTE INDUSTRY

#### 2.1 Introduction

Jute is called the “Golden Fiber”. Jute plants yield a fibre which is used for sacking and cordage. It is an important crop of eastern India. Jute growing is one of the oldest and most traditional activities in India. It is truly one of the most versatile fibers gifted to man by nature. Jute, next to cotton, is the cheapest and most important of all textile fibers. It is 100% biodegradable and thus, environment-friendly. Different types of packaging materials for agriculture and industrial products are produced from jute. As it is 100% biodegradable and environment-friendly, the jute has been using recently as an eco-friendly alternative.

Jute plays an important role in providing raw material to the jute industry. The industry generates a large employment opportunities and earns valuable foreign exchange. Jute contributes significantly to the agrarian and industrial economy of some of the eastern Indian states like West Bengal, Bihar, Assam and Orissa. Jute and jute products assumed great significance in International Trade. The indispensability of jute and jute products to the world inspite of having stiff competition from synthetic goods is increasing day after day. Jute manufacturers continue to hold a unique position in the world market because the fibre of the jute is relatively cheap. This apart, strength, hard wearing quality of the fibre etc help in arresting the world market. So jute is an important commercial crop of India and manufacture of jute goods is a major industry.

The alluvial conditions of eastern Bengal offer an ideal environment for jute cultivation, and by the turn of the century the region accounted for more than half of world output. Eastern Bengal was firmly relegated to a role as a supplier of raw material, however, the jute was shipped to Calcutta in the west, and was either processed there or sent to factories abroad.<sup>1</sup> Jute growing and the jute mill industry constitute a vital element in the national economy, particularly in the eastern region of

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<sup>1</sup> Boyce, James K., *Agrarian Impasse in Bengal Institutional Constraints to Technological Change*. Oxford University Press, 1987, pp4-5

the country. The production of raw jute, jute goods and their marketing absorbs early one-quarter of the population in eastern India.<sup>1</sup>

Cultivation of jute is almost as old as human civilization. Traditionally, jute is used for ropes, twines, indigenous cloth and handicrafts. In certain parts of Bangladesh and India, jute leaves and roots are also used as a vegetable and a medicine. Jute was first used as an industrial raw material for making packaging materials replacing flax and hemp grown in Europe. Jute is an ancient agricultural crop with a glorious history. The past success of jute is due largely to its environmentally friendly characteristics. Jute fibre is comparable or superior to synthetic fibre in physical and chemical characteristics. Jute is an annually renewable energy source with a high biomass production per unit land area. It is biodegradable and its products can be easily disposed without causing environmental hazards. By rotating with other crops, jute improves soil fertility and increases the productivity of other crops. The use of jute in the paper industry and as a geo-textile will help to, at least partially, solve the two biggest environmental problems viz., deforestation and soil erosion.<sup>2</sup>

It has been stated earlier that jute is a natural, eco-friendly and 100% biodegradable in nature. It is throwing up an opportunity to produce alternative jute value added products and packaging materials. So it is not only used in producing conventional jute products, it is also being used for the production of jute diversified products. Jute handicrafts of India have created a niche in the world market. The biggest consumer of raw jute is jute industry. The industry earns foreign exchange and employs a sizable number of people. This apart, a huge number of people are indirectly associated

It is located mainly in West Bengal over a stretch of about 60 miles on both sides of the river Hooghly. On the western bank of river, the mill area extends from Bansberia in the north to Uluberia in the south. On the eastern side, the area extends from Hazinagar in the north to Birlapur in the south. Jute textile manufacturing is the most prominent industry in West Bengal due to availability of raw jute in the State.

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<sup>1</sup> Mukherjee, A. K., Economics of Indian Industry Edn. S. Chand and Co. Ltd, 1985. NewDelhi, pp380-382

<sup>2</sup> Liu, Dr. Aimin. Jute—An Environmentally Friendly Product, “International Commodity Organization in Transition”, United Nation Conference on Trade and Development.(www.chinaconsultinginc.com)

West Bengal is the leader and pioneer in the country for the manufacturing of jute textiles. The state is called the hub of the industry.

West Bengal happens to be a major jute growing state and nearly 90% of the Indian jute mills are located in the eastern region.<sup>1</sup> The state produces over 70% of the country's total jute crop and South Bengal contributes a major portion of it.<sup>2</sup> Bengal and the jute industry are inseparable. Jute is mainly grown in West Bengal, Meghalaya, Assam, Bihar, Orissa, Andhra Pradesh and Tripura.

There are adequate reasons for the concentration of jute mills in this area. These are the monopoly of Bengal in jute production, at least before partition, cheap transportation of raw jute from interior areas particularly in what is now East Pakistan, by waterways to Calcutta, advantages that Calcutta as a port enjoys for exports as also for the importation of various mill stores and the importance of this city as the seat of a large and influential group of managing agents.<sup>3</sup>

The Jute Mill Industry is one of the oldest and the most well organized of India's manufacturing industries. The industry owes its origin and development to British enterprise and capital. It is a precious asset of the nation. Hessian and sacking are the bread and butter of the industry and will remain so for many years to come. Jute is the principal foreign exchange earner for the nation and it plays the most vital part in our national economy. Next to cotton, the jute mills in India represent the second largest industrial investment of the country. Even as a means of providing employment, the jute industry ranks as a good second after cotton. The industry is one of the major employers of the industrial labour. So it is the most employment intensive organized industry. The jute agriculture is also highly labour intensive. Jute, the golden fibre, has gained the immense popularity around the globe.

Jute industry has been developed principally as an export industry with almost monopoly position in the past. Jute is very much part of national wealth. As an industry, it spans two vital sectors in the country's economy namely, agriculture and industry. On the agricultural side, it provides the means of livelihood to nearly 2 million agriculturist families, and on the industrial, to about 3,00,000 workers. It is

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<sup>1</sup> The Economic Times, Kolkata, 27-05-2004

<sup>2</sup> The Economic Times, Kolkata, 09-04-2004

<sup>3</sup> Ghose, Bimal C., Industrial Organization. Oxford University Press, 2nd edition, 1959, pp202-205

said that almost every 4<sup>th</sup> man in West Bengal makes a living directly from jute and jute products.<sup>1</sup>

The jute industry occupies an important place in India's economy, contributing over Rs2000 million in foreign exchange every year on an average. In the economy of the State of West Bengal particularly the industry has a unique position. 2 persons in that state out of every 5 owe their living to jute. The jute mills employ roughly a sixth of West Bengal's organized industrial labour. The industry employs more than 2,07, 000 persons and the investment in the productive capital is more than Rs870 million. The present production capacity of the industry is estimated at about 1.25 to 1.3 million tonnes per annum.<sup>2</sup> The production of raw jute, jute goods and their marketing absorbs nearly one-quarter of the population in eastern India.<sup>3</sup>

The history of the modern jute industry is most interesting. The early history of the jute industry is replete with periodic booms followed by periods of crisis. The last few years, however, have witnessed the onset of an acute crisis, which threatens to become chronic. Most of the people are of the opinion that jute industry has become a sunset, moribund and dying industry. It is an ailing industry and has no future. But the picture is different. Jute products range from the traditional packaging materials to newer products. Traditional packaging materials include hessian, sacking and carpet backing cloths and yarn. Newer products include vegetable oil treated food grade bags, home textiles, floor coverings, hand and carry bags for consumer use, travel bags, handicrafts. That is to say that the jute industry has also made a dent into areas of aesthetic life style products, which are also eco-friendly and durable. Jute geotextiles have tremendous application in solving different problems in areas like riverbank protection, soil conservation, strengthening of road sub-grades, management of hill slopes, overburdening dumps in mines and stabilisation of earthen embankments. The government has come forward for the revival of the so-called 'Sunset' industry and allowed some sops for setting up jute industry.

In this chapter an attempt has been made to focus the main landmarks in the history of the jute industry from its inception to its present phase. A detailed study of jute industry has been made in four phases looking to different remarkable perspective

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<sup>1</sup> Rao, Baditha Srinivasa., *Surveys of Indian Industry*, Vol.2, Oxford University Press, Indian Branch, 1958, pp38-71

<sup>2</sup> Mirchandani, G. G., *Aspects of Agriculture in India*. Allied Publishers, Calcutta, 1975, pp183-184

<sup>3</sup> Mukherjee, A. K., *Economics of Indian Industry*, S. Chand and Co. Ltd, 1985, NewDelhi, pp380-382

during the concerned period/phase (like inception of first jute mill in 1855, the period prior to First World War, the period from First World War to 1947 i.e. pre-independence era and post independence era): -

- (i) Review of progress of Jute Industry up to 1855;
- (ii) Review of progress of Jute Industry from 1856 to 1914;
- (iii) Review of progress of Jute Industry from 1914 to 1947;
- (iv) Review of progress of Jute Industry in Post Independence Era.

## 2.2 Review of Progress of Jute Industry upto 1855

Jute has been cultivating in India dates back to atleast 3000 years. It may be more than 3000 years. There are references to the plant in 'Manu', an ancient Sanskrit socio-religious Code. In Manu's Code, the word "Patta" is used to describe "a peculiar kind of fine cloth made of bark" which indicates that the plant was known in 800 B.C. The epic Mahabharata also mentions it, which clearly shows that the fibre was in use in ancient India. There are descriptions of a plant similar to jute in the ancient literatures of Greece, Egypt and Arabia, and certain passages in the Old Testament, Book of Job, are also believed to refer to this very plant. This has led to infer that jute originated in the Mediterranean region from where it was introduced in India. It was not however till the last part of the 18<sup>th</sup> and the early part of the 19<sup>th</sup> century that the cultivation of jute was taken up on a sizeable scale. Prior to that, the leaves of the plant were consumed as a vegetable or used for medicinal purposes while the fibre was used for the making of twine and ropes or hand-woven into coarse cloth called *tat* or *chot*. Some of it was even being exported.<sup>1</sup> The use of the jute fibre was not confined merely to the making of cloth, but paper was also manufactured out of this fibre. There is the authority of Sir George Watt for the statement that jute was used in India for clothing purposes by the poorer classes a century ago.<sup>2</sup> In current Bengali, the word 'Pat' is used to describe both jute fibre and the plant from which it is produced.

Jute is India's second textile industry and the modern industry began almost at the same time as that of the cotton textile industry. Like the latter, it is also one of the

<sup>1</sup> IJMA, Commemoration Volume on the occasion of the International Jute Symposium, September 19 and 20, 1983, Delhi.

<sup>2</sup> Choudhury, N. C., Jute and Substitutes, W. Newman & Co Ltd., Calcutta, 1933, pp156-157

most ancient industries of India in the form of a cottage industry. There is a mention of 'pat' (the present Bengali equivalent for job) in the Manusamhita and the Mahabharata. People who did the weaving of jute cloth often cultivated the plant. Cloth made of jute fibres was used by the poorer section of the people and jute bags were also manufactured in the early days as there were to be found frequent references to such bags in some of the old Bengali books such as Kavikankan Chandi. By the end of the 18<sup>th</sup> century, the East India Company to Java, Borneo and other countries exported hand-woven jute goods. The hand-weaving jute industry made good progress in the early part of the 19<sup>th</sup> century, but later declined with the establishment of the modern jute industry, first in Dundee and then in India, and had practically disappeared in the second half of the 19<sup>th</sup> century. The fate of this cottage industry had thus been entirely different from that of the handloom industry.<sup>1</sup>

The first recorded instance of jute fibre being exported from India is the report of the despatch of a sample by the Board of Trade in Bengal in 1791 to England. At this time, the Directors of the East India Company instructed their officers to investigate the suitability of indigenous fibres for the manufacture of ropes for their ships, and from 1792 onwards small consignments of jute along with India-grown flax and hemp were shipped to London. There is another report of a consignment of 100 tonnes of jute being shipped to England at the instance of the East India Company in 1793. Small quantities were also being sent at this time to the United States and Germany. The fibre was mostly used for the manufacture of ropes, twine and doormats.<sup>2</sup>

100 tons of jute were consigned to the UK in 1793. Upto 1822, the export of jute to the UK was negligible. The amount gradually increased as people in Dundee, Scotland went on experimenting with new fibre in the flax mills. At that time, Dundee was the centre of the flax industry in the UK. The manufacturers found that jute is more or less similar to flax in appearance and very cheap and for this they undertook to experiment with it. The flax spinners were, however, unable to spin it in flax machines because of the dryness and roughness of the fibre. They then began to mix

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<sup>1</sup> Sen, Satyendra Nath and Piplai, Tapan., Industrial Relations in the Jute Industry in West Bengal—A Case Study, Bookland Private Ltd, Calcutta, 1968, pp10-16

<sup>2</sup> IJMA, Commemoration Volume on the occasion of the International Jute Symposium, September 19 and 20, 1983. Delhi

jute with flax in making flax fabrics. It was so widely used as an adulterant that manufacturers in those days had to declare their products as 'free from jute' while selling pure linen fabrics. About the year 1832, it was discovered that the application of whale oil to jute made it suitable for spinning in flax machines. In those days the whale oil industry was flourishing in Dundee, and there was an abundance of the oil in the country. By modification of the machines, the manufacturers were successful in producing all-jute cloth in 1833. The year 1838 saw the beginning of a new era for the growth of the industry at Dundee. As an experiment, the Dutch Government placed an order for jute bags with the Dundee people for the purpose of transporting of Coffee beans from West Indies. The experiment was a grand success. There was no loss of beans during transit.<sup>1</sup>

Historically, up to the beginning of the 19<sup>th</sup> century, jute weaving was done by Bengal Craftsmen like Kapalis who held a monopoly in the manufacture till about 1830. Thereafter Dundee jute mills killed this Indian handloom. Dundee in its turn lost the eastern market and also that of Australia due to the starting of jute mills near Calcutta in the seventies of the last century. There were in 1882 only 20 jute mills of which 18 were in Bengal. Of these 17 were near about Calcutta.<sup>2</sup>

Thomas Neigh, a Dundee merchant, received a small consignment of jute in 1820 from a London firm. He tried to induce some of the flax spinners of Dundee to try the fibre over their machinery, but they were not convinced that it would be successful, until at length, he got Messrs. Bell and Balfour, flax spinners, to consent to make an experiment with the fibre. The experiment, which was conducted sometime between 1825 and 1826, was not successful, so as to spin it into yarn, and some years elapsed before any further attempts were made. Mr. Neigh was a man of great perseverance. He did not lose heart. In 1832, he obtained another consignment from London and succeeded in persuading the same spinners, Messrs. Balfour and Meldrum, successors to Messrs. Bell and Balfour, to try the experiment over again. This time they were successful to a great extent. From about the end of that year, they regularly spun small quantities of jute. Other parties followed gradually and the industry was firmly established there, after the machineries were suitably adjusted. By

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<sup>1</sup> Deb, Pijush Kanti., A Comprehensive Study of Jute, Das Gupta & Co. Ltd., Calcutta, 1954, pp11-14

<sup>2</sup> Chattopadhyay, K. P., A Socio-Economic Survey of Jute Labour, Department of Social Work, Calcutta University.1952, p4

the year 1850, the use of jute was extensive at Dundee. Dundee still maintains its leading position in the World's jute industry. In Bengal, the manufacture of jute, by application of European machinery, was not introduced before 1854, when Mr. George Auckland, a coffee planter of Ceylon, founded the first mill at Rishra, near Serampur, in the district of Hooghly, which is now known as the "Wellington Mills". The history of modern jute industry in Bengal is most interesting. Jute had been grown in Bengal for centuries. The industry was not introduced into Europe, on a commercial scale, prior to 1833. It was at Dundee, which had been one of the most important seats of linen manufacturer for a considerable time.<sup>1</sup>

Jute ropes and cloth were used in considerable quantities in the country since a long period. Instead of that, any serious effort was not made to develop and expand the jute manufacture until it became known overseas. Gradually, the cultivation of jute spread over the greater part of Bengal, and with it the villagers took up hand spinning and weaving. As the years passed, the demand for manufactured jute goods increased to a large extent. Much of the popularity which jute fabrics gained all over the world was attributable to Dundee manufacturers who from 1832 onwards not only solved the problems of spinning and weaving jute mechanically but also sought and found new markets for jute manufactures. An idea of the increase in demand may be obtained from the fact that 10,13,277 pieces of gunnies and gunny bags were exported in 1828-29, while in the following year the figure rose to 90,06,415.<sup>2</sup>

The manufacture of jute cloth by the mechanical process dates back to the year 1848. The United States of America and the continental countries in Europe started such manufacture during the 37 years 1848-1855 while the first jute mill was established in India in 1855 at Serampore.<sup>3</sup>

The rapid growth of the jute industry is a fascinating chapter in the history of organized industries in India. Although the first steam-powered jute mill was established in Dundee in 1830, its monopoly was challenged by the first jute mill set-up on the banks of the Hooghly around 1855. Ever since, this industry continued to

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<sup>1</sup> Choudhury, N. C., *Jute and Substitutes*, W. Newman & Co Ltd., Calcutta, 1933, pp152-155

<sup>2</sup> Indian Central Jute Committee, *Report on the Marketing of Jute and Jute products*, Economic Research Memoir No.3, Calcutta, 1952, p.2

<sup>3</sup> Labour Investigation Committee (S. R. Dashpande), *Report on an Enquiry into Conditions of Labour in the Jute Mill Industry in India*, Manager of Publication, Government of India, Delhi, 1946,p1

expand. The development of the jute mill industry in Dundee and later in India, however, sounded the death knell for the hand-woven jute goods industry in the country. In Dundee progress of the jute mill industry was rapid after 1850. The cheapness of jute and its usefulness for baggings, in which Dundee had specialized, led to its steady expansion. The interruption of supply of hemp and flax from Russia, especially during the Crimean War, the increase in demand following the progress of industrialization and the considerable increase in the carrying trade with the development of railway and steamship transport etc - all gave a boost to the industry.<sup>1</sup>

### **2.3 Review of Progress of Jute Industry from 1856 to 1914**

The first jute mill was established in 1855. Prior to that date the fibre was used locally by the handloom jute weavers of Bengal to make twines, ropes, coarse fabrics for the poor, and also in the fishing industry and for mooring small vessels.

The year 1855 may be regarded as one of outstanding importance in the history of the Jute industry in India as, in that year, the first jute spinning mill was set up at Rishra by an Englishman, George Auckland.<sup>2</sup> This was followed 4 years later by the introduction of power looms in the country and the first power driven weaving factory with 192 looms was started in 1859 at Baranagore.<sup>3</sup>

Although it was Scotsmen in Dundee who had built up a flourishing jute industry, it was an Englishman, George Auckland, who in 1855 established the first jute mill in India with machinery bought from John Kerr of the Douglas Foundry, then the leading manufacturer of flax and manufacturing machinery in Dundee. Auckland set up his jute spinning machinery in Rishra near Serampore. The land which he had acquired formed part of the garden house property at one time owned by Warren Hastings. The output of the mill was only 8 tonnes per day. Two years later a small number of frame handlooms were added for weaving coarse gunny fabrics to compete with the country hand-made trade in gunny-cloth. It was two years after, in

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<sup>1</sup> IJMA, Commemoration Volume on the occasion of the International Jute Symposium, September 19 and 20, 1983. Delhi

<sup>2</sup> Wallace D. R., *The Romance of Jute: A Short History of the Calcutta Jute Mill Industry*, 1928, Empire Press, Calcutta, p7

<sup>3</sup> *Ibid.*, p95

1859, that the first power loom was set up by another mill. The Rishra Twine and Yarn Mills Limited, which was the name of the Company, founded by Auckland, ran into difficulties and was wound up in 1868. It was re-started in 1872 as the Calcutta Jute Mills and later became the Wellington Jute Mills. Subsequently, the Champdany Company acquired it.<sup>1</sup> George Auckland was an ex-official of the British merchant navy having a long experience in South Asia. He, with the help of a local financier, Bysamber Sen, set up a small jute-spinning mill in the mid-1855 at Rishra near Serampore on the western bank of the river Hooghly in Bengal (present Wellington). Auckland's unit was not materially successful, but it 'apparently showed enough promise' to induce the Borneo Company, a trading enterprise in Calcutta with some idle capital, to start an integrated spinning and weaving mill based on steam power in 1859.<sup>2</sup>

The Crimean War of 1854-56 really set the Dundee jute industry on its feet. The occasion was caused by the stoppage of flax from Russia, which forced the military authorities to look for substitutes. The American Civil War (1861-1865) gave further impetus to the jute trade, for the supplies of American Cotton was much restricted and consumers had to make use of jute. In both these cases, the industry acquired new users who did not return to flax or cotton when it was again possible to get supplies of the fibres.<sup>3</sup> The Crimean War was undoubtedly the most important factor in accelerating the switch to jute. The American Civil War, in which the long supply lines and trench warfare increased the Union's as well as the Confederacy's requirement for burlap sacks and sandbags hastened the process of substitution.<sup>4</sup>

The first jute mill was established in West Bengal in 1855. At that time, Dundee was already well established and was busy in opening up more markets for its

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<sup>1</sup> IJMA, Commemoration Volume on the occasion of the International Jute Symposium, September 19 and 20, 1983. Delhi

<sup>2</sup> Morris, M. D., *The Growth of Large-Scale Industry to 1947*, The Cambridge Economic History of India, 1984, Vol.2 pp 567-568.

<sup>3</sup> Iftikhar-ul-Awwal, A.Z.M., *The Industrial Development of Bengal, 1900-1939*, Vikas Publishing House Pvt. Ltd., 1982, pp156-159

<sup>4</sup> Goswami, Omkar., *Industry, Trade and Peasant Society. The Jute Economy of Eastern India, 1900-1947*. Oxford University Press, Delhi, 1991, pp1-2

products. In spite of early vicissitudes, the Bengal Mills were able to capture the local markets. By the end of the 1860's one company – the Borneo Jute Company in fact tried its hand at exports abroad. Though the first attempt was not successful due to variations in weight and counts, then onwards Bengal became a regular exporter of sacking bags. But when Bengal began to eat up Dundee's valuable Hessain market in America, open hostilities broke out. In the ensuing struggle that followed Dundee lost to Calcutta but not without much bitterness on both sides. The point, which ultimately settled the score in favour of Calcutta, was that of comparative costs of production. Calcutta was situated in close proximity to jute growing districts of Eastern Bengal and Assam; she had cheap labour, estimated at 1/3<sup>rd</sup> cheaper than British labour; the mills had long working hours, said to be from 15 to 16 hours and in some cases, 22 to 24 hours daily on 2 and 3 shift system, respectively and not the least the lax working and factory conditions were also attributed to be one of the advantages of Calcutta compared to Great Britain. Thus the clear advantage of Calcutta manufacturers in monetary terms was at least 3 per ton, besides having a finer quality of jute.<sup>1</sup>

Gradually, jute mills found a ready market for their products, but the difficulties of financing and obtaining the required equipment prevented a rapid growth of India's jute manufacturing industry. In 1870, the number of jute mills operating in the country was five. From the 1870s the Bengal jute industry equipped with superior machinery became an effective competitor of Dundee. Dundee had virtual monopoly of the entire market. It ousted the jute handloom industry of Bengal. The period of great prosperity during the early 1870s, however, led to the appearance of a number of new jute mills in India with consequent over-production, decline of profits and closures. The industry subsequently staged a gradual recovery and between 1880 and 1900 there was a considerable expansion, the number of looms rising from about 5,000 in 1881 to about 15,000 by 1900, and the number of mills

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<sup>1</sup> Iftikhar-ul-Awwal, A.Z.M., The Industrial Development of Bengal, 1900-1939, Vikas Publishing House Pvt. Ltd., 1982, pp156-159

from 20 in 1885 to 35 in 1901.<sup>1</sup> Five companies had come up by 1873, running 1250 looms. In another 12 years, the number of companies went up to 11, controlling 6700 looms. A total of 38 mills with a complement of 30685 looms were operating by 1909.<sup>2</sup> By 1894 the raw jute intake of the Indian jute industry was higher than that of its British counterpart. The British mills, however, registered a superior level of efficiency, one evidence of this being that their output of jute goods continued to surpass the Indian output in spite of their lower consumption of raw jute.<sup>3</sup>

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<sup>1</sup> Jathar, G. B. and Jathar, K. G., *Indian Economics*, Oxford University Press, 1957, Bombay, p-176

<sup>2</sup> Jute Commissioner, Report of the Study Group for Jute, National Commission on Labour, New Delhi, p-1

<sup>3</sup> Bhattacharyya, B. B., "Trade Structure of Bangladesh Economy: Problems and Prospects, Vikas Publishing House Pvt. Ltd., 1972, New Delhi, p-104

Table-2.1 shows the number of jute mills, spindles, looms, and workers from 1854-55 to 1913-14. From the Table, it is noticed that there was one jute mill in India in 1854-55. The number of jute mills increased from 1 in 1854-55 to 21 in 1879-83. During the period from 1883-84 to 1897-98, the increase in numbers of jute mills is noticed. There were 33 mills in 1898-99. The number of mills also increased during the period from 1899-1900 to 1909-10. During the period from 1910-11 to 1913-14, the number of mills increased while in 1912-13, the number of mills decreased. Spindles of the jute mills during the period from 1879-83 to 1913-14 (excepting the year 1911-12 which experienced a reduction in spindles) were in the increasing trend. The number of spindles in the years 1854-55, 1868-69, 1883-84 and 1893-94 is not available from the Table-2.1. Number of looms was also in the increasing trend during the period from 1868-69 to 1913-14 (excepting the years 1906-07 & 1911-12 which showed a decline in the number of looms). Number of looms in the year 1854-55 is not available from the Table. Employment of workers in the jute mills from 1879-83 to 1910-11 had an increasing trend. In 1911-12, employment declined. The increasing trend of employment is further noticed during the period from 1912-13 to 1913-14.

**Table-2.1: Number of jute mills, looms, spindles and workers**

Year	Number of Mills	Number of Spindles	Number of Looms	Number of Workers employed daily
1854-55	1	Not Available	Not Available	Not Available
1868-69	5	Not Available	960	Not Available
1879-83	21	88000	5500	38,800
1883-84	23	Not Available	6132	47863
1884-88	24	128000	7000	52700
1890	27	164245	8204	62739
1893-94	28	Not Available	9580	69179
1895-96	28	214679	10169	78114
1896-97	31	256694	12374	91610
1897-98	34	273447	12835	94546
1898-99	33	279482	13421	95036
1899-1900	34	295302	14119	102449
1900-01	36	317348	15340	111272
1901-02	36	331382	16119	114795

1902-03	38	352214	17189	118904
1903-04	38	376718	18406	123869
1904-05	38	409170	19991	133162
1905-06	39	453168	27986	144879
1906-07	44	520504	25284	166895
1907-08	54	562274	27244	187771
1908-09	56	607358	29525	192181
1909-10	60	645862	31418	204104
1910-11	58	682527	33169	216390
1911-12	59	677519	32927	201324
1912-13	51	708716	34033	204092
1913-14	64	744289	36050	216288

Source: Compiled from A Comprehensive Study of Jute by Pijush Kanti Deb, Das Gupta & Co. Ltd., pp11-14 and www.iisg.nl

By 1908, British India's jute production outstripped the production of Dundee Jute Industry. From these small beginnings the Indian jute industry marched ahead with rapid strides. By January 1909 a total of 30,685 looms had been established of which 12,950 were for sacking and 17,735 for hessian. The total amount of share capital and debentures invested in the mills at that time amounted to Rs.14 crores 88 lakhs. Meanwhile, jute mills had been established in India. The jute industry in India enjoyed the cost advantage which the Dundee Industry could not. For this, the Dundee industry began to decline from the end of the 19<sup>th</sup> century. There was a short period of boom during the 1914-18 War, but that was the last spurt of the flame and thereafter a gradual depression set in.<sup>1</sup>

The jute industry also entered into a new phase when the First World War started. The war generated a tremendous demand for gunny bags and cloth which

<sup>1</sup> IJMA, Commemoration Volume on the occasion of the International Jute Symposium, September 19 and 20, 1983, Delhi.

kept the mills busy till the end of the war. World War I led to a considerable expansion and prosperity of the industry. The rapid growth of the jute industry is a fascinating chapter in the history of organized industries in India.

Although the first steam-powered jute mill was established in Dundee in 1830, its monopoly was challenged by the first jute mill set-up on the banks of the Hooghly around 1855. From 1854 to 1914, the progress of the jute industry was rapid. The European managing agency houses—Andrew Yule, Bird-Heilgers, Kettlewell Bullen, Mcleod, Jardine Henderson, Begg Dunlop, Hoare Miller, Gillanders and Thos Duff, mostly dominated it. Ludlow Jute Mill was American. Rallis, Lousis Dreyfus and Bunge had also developed a very big business in jute pressing, raw jute and the export of jute goods. It was not till the end of 19<sup>th</sup> century that the Marwaris entered the jute industry as brokers and began setting up jute baling and pressing companies. They have dominated the industry in post-independence era. There has also been a sprinkling of Gujratis. There is now hardly any significant European interest left in jute.<sup>1</sup>

Only three new mills were established during the four years prior to the first World War and these added a further 1500 looms to the total. As a result, the loom strength due to the extensions to existing mills was increased by over 6000. At the end of 1914, the total of loom strength reached 38554 of which 22603 were engaged to manufacture the hessian cloth only. During the war years 1914 to 1918, six new mills came into existence which add some 2000 looms to the total.<sup>2</sup>

## **2.4 Review of Progress of Jute Industry from 1914 to 1947**

Indian Jute Industry witnessed a boom during World War I. By 1918, the number of looms had risen to 40,554. By 1929, the loom strength had risen to 51,000 and by the beginning of the World War II it was around 68,000.<sup>3</sup> By 1927 the loom

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<sup>1</sup> Agarwala, P. N., "The History of Indian Business", Vikas Publishing House Pvt. Ltd., 1985, pp-354-356

<sup>2</sup> Indian Central Jute Committee, Report on the Marketing of Jute and Jute Products, 1952, Calcutta, Economic Research Memoir No.3, p-21

<sup>3</sup> IJMA, Commemoration Volume on the occasion of the International Jute Symposium, September 19 and 20, 1983, Delhi.

strength reached 50,354. The period of trade depression lasted from 1930 to 1935. During this period, measures were adopted by the Indian Jute Mills Association (IJMA) to regulate production in conformity with diminished demand for protecting the industry from the effects of over-production. During this period, Indian businessmen established seven new mills that increased the total loomage by over four thousand. Again, in 1937 and 1938, a few old established mills in Calcutta increased their loomage. Until 1919, all mills excepting the ill-fated Serajganj Jute Mill had been located at short distances from Calcutta. Serajganj Jute Mill was destroyed by earthquake in 1897. Afterwards, however, a mill was erected in Madras State to be followed in later years by three others. Bihar was next to come into the field. In the state, four mills were erected between 1925 and 1935. Further, three mills were established in the Uttar Pradesh between 1931 and 1935 and one in the Madhya Pradesh in 1935. The mills outside West Bengal form a small part of the jute industry in this country, their total looms numbering 3,089 only.<sup>1</sup> By 1939, the total number of jute mills in the country was 108, including the mill in the French Settlement of Chandranagore, the number of looms being over 65,000.<sup>2</sup>

Most of the raw jute was produced in Bengal and as a result, it became a home of raw jute producing state. The monopoly of raw jute production centered in Bengal. 2/3<sup>rd</sup> of the crop produced in the State are consumed in Indian factories. The jute industry is one of the biggest industries of the country. The industry is just next to the cotton textile industry in respect of the number of workers employed. In 1920, 76 mills were in operation and 16 new mills under construction. Out of the 76 running mills, 3 mills were in Madras, 1 in the United Provinces of Agra and Oudh and the rest (72) in Calcutta. During 1919-20, 14 mills were registered in India. As a consequence, in Bengal, the number of mills increased from 72 to 89. The jute industry experienced a serious jolt, since 1930, both for the raw product and the

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<sup>1</sup> Indian Central Jute Committee, Report on the Marketing of Jute and Jute Products, 1952, Calcutta, Economic Research Memoir No.3, pp-21-22

<sup>2</sup> Labour Investigation Committee(S. R. Deshpande), Report on an Enquiry into Conditions of Labour in the Jute Mill Industry in India, Manager of Publication, Government of India, Delhi, 1946, p-1

manufactured goods, due to the excess of production of raw fibre as well as that of the mills, and also to the unprecedented worldwide trade depression.<sup>1</sup>

In the whole of India, 2,86,941 workers were employed in 81 jute mills in 1921. Of which, 80 mills employing 2,84,355 workers were in British India and 1 mill was in the French Settlements with 2,586 workers. By 1939, the number of jute mills increased to 108 and that of workers to 3,02,285, of which 106 mills and 2,98,967 workers were in British India, only 1 mill each in Indian states and the French Settlements employing respectively 588 and 2,730 workers. Thus, between 1921 and 1939, the expansion in the industry on the basis of the number of workers was shown in Table-2.2

**Table-2.2**  
**Expansion in the jute mills industry on the basis of the number of workers**

	1921	1939	Increase (%)
All India	2,86,941	3,02,285	5.3
British India	2,84,355	2,98,967	5.1
Indian States	--	588	New
French Settlements	2,586	2,730	5.6

Source: Manager of Publications, *The Location of Industry in India*, Delhi, 1945, pp27-28

In 1921, Bengal was the foremost province for the industry with 281.8 thousand workers. French Settlements had 2.6 thousand and Madras 2.5 thousand workers. By 1939, however, some jute mills had sprung up in Uttar Pradesh (since 1923) and Bihar (since 1927). The number of workers in Bengal was more or less maintained but a slight decline of about 600 workers. The same was the case with the French Settlements. In Madras, there was an increase in the number of workers from 2.5 thousand in 1921 to 5.2 thousand in 1939 —an increase of more than 100 percent. In Uttar Pradesh and Bihar, 7.3 thousand and 5.2 thousand workers respectively were employed in this industry in 1939. A few mills had sprung up in the Eastern Agency

<sup>1</sup> Chowdhury, N. C., *Jute and Substitute*, W. Newman & Company LTD, Calcutta, 1933, pp-152-155.

States and these mills employed about 600 workers in 1939. However, Bengal continues to be the real home of the jute industry, with 93% of the total number of workers in it. The principal centres of the industry in 1921 were the 24 Parganas, Howrah, Hooghly in Bengal, employing nearly 1,67,000, 63,000 and 52,000 workers respectively. Other centres then were Chandranagore (French Settlements), Vizagapatam, Kistna and Guntur in Madras. In 1939 also, the principal seat of the industry continued to be 24 Parganas, Howrah and Hooghly in Bengal with nearly 1,69,000, 63,000 and 50,000 workers respectively. Cawnpore was a new centre, which employed about 6,000 workers in 1939. The number of workers at Vizagapatam increased from 1.3 thousand in 1921 to 5 thousand in 1939. Chandranagore (French Settlements) remained almost steady with 2.7 thousand workers. Other centres in 1939 were Purnea with 3.7 thousand workers and Darbhanga with 1.4 thousand workers in Bihar and Gorakhpore with 1.4 thousand workers in Uttar Pradesh. Raigarh (C. P. States) employed about 600 workers in the industry in 1939 and Guntur (Madras) 300 workers.<sup>1</sup>

The distribution of the jute industry has been depicted in Table-2.3. In Table-2.3, the number of factories and workers employed therein in 1921 and 1939 has been shown. Bengal was the hub of jute industry and the reasons behind the concentration of jute mills in Bengal were abundant supply of raw materials, proximity to coal fields, easy and cheap navigation facilities, ready and available pool of labour etc.

**Table-2.3**

**Distribution of the jute mills in different States in India (including French Settlements)**

	1921		1939	
	Number of jute mills	Number of workers	Number of jute mills	Number of workers
<b>Bengal</b>	77		97	

<sup>1</sup> Manager of Publications, The Location of Industry in India, Delhi, 1945, pp27-28

Howrah	16	63,126	24	62,552
24 Parganas	49	1,66,935	57	1,68,835
Hooghly	12	51,787	16	49,842
<b>United Provinces</b>			<b>3</b>	
Cawnpore	--	--	2	5,928
Gorakpur	--	--	1	1,400
<b>Madras</b>	<b>3</b>		<b>3</b>	
Vizagapatam	1	1,270	2	4,900
Kistna	1	819	--	--
Guntur	1	418	1	338
<b>Bihar</b>			<b>3</b>	
Darbhanga	--	--	1	1436
Purnea	--	--	2	3,736
<b>States</b>				
Eastern States Agency Raigarh	--	--	1	588
<b>French Settlements</b>				
Chandranagore	1	2,586	1	2730
<b>Grand Total for India (excluding Burma)</b>	<b>81</b>	<b>2,86,941</b>	<b>108</b>	<b>3,02,285</b>
<b>British India</b>	<b>80</b>	<b>2,84,355</b>	<b>106</b>	<b>2,98,967</b>
<b>Indian States</b>	<b>--</b>	<b>--</b>	<b>1</b>	<b>588</b>
<b>French Settlements</b>	<b>1</b>	<b>2,586</b>	<b>1</b>	<b>2,730</b>

Source: Manager of Publications, The Location of Industry in India, Delhi, 1945, pp27-28

Table-2.4 exhibits the number of mills, looms, spindles and persons employed in the Jute Textile Industry in India during the period from 1914-15 to 1940-41.

**Table-2.4**

**Number of Mills, Looms, Spindles and Persons employed in the Jute  
Textile Industry in India (1914-15 to 1940-41)**

Year	Number of mills	Looms	Spindles	Persons employed
1914-15	70	38,379	7,95,528	2,38,274
1915-16	70	39,890	8,12,421	2,54,143
1916-17	74	39,697	8,24,315	2,62,552

1917-18	76	40,639	8,34,055	2,66,038
1918-19	76	40,043	8,39,919	2,75,500
1919-20	76	41,045	8,56,307	2,80,131
1920-21	77	41,588	8,69,879	2,88,401
1921-22	81	43,025	9,08,359	2,88,450
1922-23	86	47,528	10,03,179	3,21,296
1923-24	89	49,038	10,43,417	3,30,408
1924-25	90	50,359	10,67,633	3,41,723
1925-26	90	50,503	10,63,700	3,31,326
1926-27	93	51,061	10,83,816	3,33,659
1927-28	93	52,221	11,05,634	3,35,804
1928-29	95	52,409	11,08,147	3,43,868
1929-30	98	53,900	11,40,435	3,43,257
1930-31	100	61,834	12,24,982	3,07,676
1931-32	103	61,426	12,20,586	2,76,810
1932-33	99	60,506	12,02,183	2,63,442
1933-34	99	59,501	11,94,405	2,57,175
1934-35	100	61,387	12,21,786	2,63,739
1935-36	104	63,724	12,79,416	2,77,986
1936-37	104	65,273	13,00,077	2,89,136
1937-38	105	66,705	13,37,958	2,95,162
1938-39	107	67,939	13,50,465	2,98,967
1939-40	110	68528	1369821	298967
1940-41	NA	NA	NA	303777

Source: Compiled from Iftikhar-ul-Awwal, A.Z.M., *The Industrial Development of Bengal, 1900-1939*, Vikas Publishing House Pvt. Ltd., 1982, pp157-193 and [www.iisg.nl](http://www.iisg.nl)

From the above Table-2.4, it is noticed that in 1914-15, there were 70 jute mills in India with 38,379 looms, 7,95,528 spindles. These jute mills employed 2,38,274 persons. During the period from 1915-16 to 1923-24, the number of jute mills increased. This period also witnessed the increase in looms, spindles and employment. The years 1916-17 and 1918-19 showed decline in looms. In 1924-25, the number of mills increased to 90. The number of looms and spindles also increased. 3,41,723 workers were employed in 90 jute mills. The period from 1925-26 to 1931-32 witnessed the increase in jute mills. The number of jute mills decreased in 1932-33. The number of looms and spindles showed an increasing trend during the period from 1925-26 to 1930-31. Employment in jute mills increased during the

period from 1925-26 to 1928-29. From 1929-30 to 1933-34, the employment decreased. The number of mills, looms, spindles and employment increased during the period from 1934-35 to 1939-40. The number of workers increased in 1940-41 as compared to the year 1939-40.

Table-2.5 throws light on the export of jute goods from India. In 1919-20, 592000 tonnes of jute goods were exported. The immediate subsequent years i.e. 1920-21 and 1921-22 experienced decrease in exports. During the period from 1922-23 to 1929-30 (excepting the years 1925-26 and 1929-30 which showed decline in exports) the volume of exports increased. The great worldwide depression started from 1929. During the depression years (i.e. 1930-31 and 1931-32), the volume of exports of jute goods decreased. The export of jute goods during the period from 1932-33 to 1939-40 was in the increasing trend while the years 1933-34 and 1938-39 had a decrease in exports. In 1940-41, a sharp fall in exports took place. In between 1941-42 and 1946-47, variation in exports of jute goods was noticed.

**Table-2.5**

**Export of Jute Goods from India during the period from 1919-20 to 1946-47**

Year	Total (000 tonnes)
1919-20	592
1920-21	472
1921-22	468
1922-23	578
1923-24	660
1924-25	696
1925-26	647
1926-27	708
1927-28	892
1928-29	898
1929-30	807
1930-31	727.8
1931-32	673.1
1932-33	696.3
1933-34	677.1
1934-35	724.7
1935-36	794.3
1936-37	1038.5

1937-38	1515.9
1938-39	969.5
1939-40	1170.1
1940-41	833.9
1941-42	838
1942-43	699.6
1943-44	645.5
1944-45	694.1
1945-46	720.1
1946-47	761.6

Source: Compiled from Annual Summary of Jute & Gunny Statistics, 1997-98, IJMA, Calcutta, p-86 and Bagchi, Amiya Kumar, Bharater Adhunik Shilpe Biniyog O Utpadan: 1900-1939, K. P. Bagchi and Company, Calcutta, p-303

Like many other industries in the country, the jute mill industry was affected by economic depression which was started in 1929. It was not till the out-break of the Second World War that the industry emerged from its severely depressed condition. As a matter of fact, the industry recorded a loss of over 84 lakhs of rupees in the year 1938.<sup>1</sup> The jute industry saw the light of prosperity in 1939 after a series of bad years. The first few months after the declaration of War were replete with events. There was a feverish demand for all kinds of jute goods and the industry had soon to take off the various restrictions one after another to make the productive machine to go ahead with the requisite supply. Even an increase of working hours to 54 per week, which is the maximum allowed under the Factories Act, proved insufficient. The Government had, therefore, to relax certain provisions of the Factories Act, by issuing an Ordinance to permit the mills to increase the hours to 60 per week. While the mills were trying to fulfil their commitments, the labour force had to be kept contented and

<sup>1</sup> Labour Investigation Committee(S. R. Deshpande), Report on an Enquiry into Conditions of Labour in the Jute Mill Industry in India, Manager of Publications, Government of India, Delhi, 1946, p-4

the mills therefore decided to grant an increase of 10% of the wages with effect from 10<sup>th</sup> November 1939.<sup>1</sup>

In 1940, however, the Indian Jute Mills Association had to curtail the working hours from 60 to 54 per week because of falling in the price of jute manufactures.<sup>2</sup> In the same year, the Government of Bengal also promulgated an ordinance fixing the minimum price of hessians and jute in the future market. In July 1940, the Government of Bengal and the mills entered into an agreement for fixing minimum prices. Under this agreement it was stipulated that the Committee of the Indian Jute Mills Association “should recommend to its members that they should pay certain minimum rates for jute and should not sell finished goods below certain minimum rates.”<sup>3</sup>

The working hours were further curtailed from 54 to 45 and subsequently the Committee decided to close the mills for one week in every four during September 1940 to January 1941. This arrangement was abandoned in February 1941, but was re-introduced in March 1941. From September 1941, the working hours were increased to 50 per week. “The 54 hours of work with 10% sealed looms, effective from 18<sup>th</sup> May 1942, governed mills working at the start of 1943.”<sup>4</sup>

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<sup>1</sup> Labour Investigation Committee(S. R. Deshpande), Report on an Enquiry into Conditions of Labour in the Jute Mill Industry in India, Manager of Publications, Government of India, Delhi, 1946, p-4

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

Table-2.6 reveals the production level of jute goods for the period from 1932-33 to 1946-47. Jute Goods comprise hessian, sacking and others. In 1932-33, the production of jute goods was 848.2 tonnes. The quantum of production of jute goods declined from 848.2 tonnes to 834.3 tonnes in 1933-34. A fluctuating trend in production was noticed during the period from 1934-35 to 1946-47.

**Table-2.6: Production of Jute Goods during the period from 1932-33 to 1946-47**

July-June	Production of Jute Goods (000 tonnes)
1932-33	848.2
1933-34	834.3
1934-35	883.8
1935-36	960.3
1936-37	1170.4
1937-38	1261.4
1938-39	1120.8
1939-40	1284.3
1940-41	999.7
1941-42	1244.9
1942-43	1224.5
1943-44	969.6
1944-45	1015.9
1945-46	1102
1946-47	977.6

Source: Compiled from Annual Summary of Jute & Gunny Statistics, 1997-98, IJMA, Calcutta, p57

## 2.5 Review of Progress of Jute Industry in Post Independence Era

Before the independence of India, the jute industry was an important component of West Bengal and Indian economies. After partition of the country, only about 25% of raw jute producing areas remained in India. The independence of India and Pakistan greatly affected the jute industry. Partition brought about problems within the industry and a great number of new mills were built in the 1950's in the

then East Pakistan, now Bangladesh. The partition of the Indian sub-continent and the emergence of Pakistan as an independent nation created some new problems. In the 1950's jute goods represented one of India's primary foreign exchange earners, comprising about 60% of all of India's dollar earnings.<sup>1</sup>

The partition yielded a result that the jute growing area went to East Pakistan (now Bangladesh) but the jute mills stayed in India. This spelt disaster for the Indian jute industry. The natural supply of raw jute was halted. As a result, Indian Jute Mills found it very difficult to obtain supply of raw jute.

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<sup>1</sup> Gupta, Indrajit., Capital and Labour in the Jute Industry, Trade Union Publication Series, All India Trade Union Congress, Bombay, July, 1953, p2

When the transfer of power took place in 1947, pre-independent India was partitioned into two parts — India and Pakistan. The territories, which had once comprised the eastern part of Bengal, went to Pakistan. It was this region where the jute-growing areas were situated. On the other hand, almost all the mills and factories obtained raw materials from jute growing areas that remained in India. As a result of the partition the industry was cut off overnight from a very large part of its raw jute supplies. This resulted in severe problems which both, India and Pakistan experienced. India embarked on a vigorous campaign to attain self-sufficiency in production of raw jute. The devaluation of the Indian rupees in 1949 made a great jolt in Indian jute industry that brought Indo-Pakistani trade almost to a standstill. The efforts to run Indian Jute Mills with consignments of raw jute imported from East Pakistan was proving difficult and there was no alternative other than to start the cultivation of jute on an extensive scale in India. The effects of the drive were soon felt. Against a production of a mere 15 lakh bales in 1947 India touched a production level of 80 lakh bales in 1961-62. It thus became almost self-sufficient from the point of view of raw jute requirements.<sup>1</sup>

The partition had put negative impact on the country's jute economy. The country experienced that about 75% of the jute producing area, growing about 80% of the total crop of undivided India went to East Pakistan, whereas the jute mills remained mostly in West Bengal. The industry faced a situation of dearth of vital raw materials. Production of jute in 1947-48 was only 1.67 million bales as against the pre-partition output of 5.69 and 8.05 million bales in 1946-47 and 1945-46 respectively.<sup>2</sup>

As three fourths of the jute was grown in areas which are now in Pakistan, the Calcutta mills were cut off from their raw material supply. However, India made a vigorous drive to be self-sufficient and self-reliant in jute. The drive was successful to a large extent and in 1958; more than 90% of the raw jute was consumed by the Indian Jute Mills. On the other hand, Pakistan emerged as a competitor in the manufacturing field. By 1958, Pakistan had 12 mills operating 6,762 looms.<sup>3</sup>

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<sup>1</sup> IJMA, Commemoration Volume on the occasion of the International Jute Symposium, September 19 and 20, 1983. Delhi

<sup>2</sup> Sarkar, Goutam K., *Jute in India: An Economic Analysis*, Oxford University Press, 1989, Calcutta, p15.

<sup>3</sup> Afroz, Nazes., *Green Consumers Aid Jute Workers*, *Multinational Monitor*, December Volume-16. Number-12. 1995.

In 1945-46 India produced 97% of the total world supply of raw jute and by far the greater part of it was produced in Bengal, eastern Bengal alone accounting for “nearly 60% of the total production of jute in the whole of India.”<sup>1</sup>

Table-2.7 exhibits the number of jute mills and employment in West Bengal from the year 1947 to 2002. From the Table-2.7, it is noticed that there were 111 jute mills in 1947. The number of jute mills reduced to 106 in 1948. In 1951, there were 95 jute mills which employed 2,55,581 workers. The number of jute mills increased in 1956 but the employment reduced as compared to the year 1951. In 1956, 101 jute mills employed 2,53,632 workers. In 1957, the number of workers reduced to 2,36,059 and the number of jute mills also decreased from 101 in 1956 to 100 in 1957. The years 1958, 1959 and 1960 showed a declining trend in respect of jute mills working in West Bengal. Employment was also affected for the decrease in jute mills excepting the year 1960 which showed a marginal increase in employment as compared to the year 1959. During the period from 1961 to 2002, a fluctuating trend in number of mills and employment is noticed.

**Table- 2.7**  
**Number of Jute Mills and Employment in West Bengal in Post Independence era**

Year	Number of Mills	Number of Workers employed
1947	111	Not Available
1948	106	Not Available
1951	95	2,55,581
1956	101	2,53,632
1957	100	2,36,059
1958	87	2,21,398
1959	84	2,10,254
1960	63	2,12,548

<sup>1</sup> Sharma, Tulsi Ram., Location of Industries in India, Bombay, 1954, p89

1961	82	2,01,510
1971	75	2,11,847
1981	60	1,80,000
1989	78	2,24,602
1990	78	2,22,214
1991	78	2,27,254
1992	77	2,26,771
1993	77	2,26,774
1994	78	2,26,787
1995	79	2,31,062
1996	81	2,25,871
1997	81	2,17,662
1998	80	2,21,135
1999	81	2,15,263
2000	83	2,22,133
2001	96	2,12,685
2002	97	2,12,614

**Source:** Compiled from (i) Labour Bureau, Report on the Survey of Labour Conditions in Jute Factories in India, 1965, Ministry of Labour and Employment, Government of India, p-5, (ii) Labour in West Bengal- 1995- 2002 & Economic Review – 2003-2004, Economic Review (Statistical Appendix.)- 2003-2004, Govt. of West Bengal. Workers' means an employed person as defined u/s2 (1) of the Factories Act, 1948.) (iii) [www.nirjaft.res.in](http://www.nirjaft.res.in)

Jute manufactures were the largest single item of export and foreign exchange earner till 1966-67. It is second only to cotton in world consumption of fibres. In 1950, there were 112 registered jute mills with a total of 72,161 looms. Although the capacity was put at 1.2 million tonnes per year, the actual production was 1.1 million tonnes in 1945-46 and 0.892 million tonnes in 1950-51 when the plan started. The partition of Bengal left only 25% of jute growing areas within the country.<sup>1</sup>

Table-2.8 gives a picture on the land area, production and yield of raw jute in different Plan period. It reveals from the Table that during the period from 1947-48 to

<sup>1</sup> Mukherjee, A. K., Economics of Indian Industry, S. Chand and Co. Ltd., 1985, NewDelhi, pp380-382

III Plan, the area of jute cultivation for producing raw jute increased in a steady way. During the period from Annual Plan: 1966-69 to VIII Plan period, a varied picture is noticed. Increase or decrease in the area of raw jute cultivation took place during this period. Production of raw jute was 658000 bales in 1947-48. The quantum of production of raw jute increased substantially during the period from Pre-Plan to III Plan excepting the I Plan which experienced lesser amount of production. From Annual Plan (66-69) to VIII Plan, the mixed trend is observed. The yield of raw jute during different Plan period gave a mixed picture.

**Table-2.8**  
**Area, Production and Yield of Raw Jute in Different Plan**  
**Period**

Plan Period	Area ('000 ha)	Production ('000 bales of 180 Kg.)	Yield('000 Kg/ha)
1947-48	264.0	658.0	NA
Pre-Plan	411.3	2545.0	1113.8
I Plan	645.4	392.8	1095.7
II Plan	704.2	4441.0	1135.2
III Plan	847.2	5683.6	1207.6
Annual Plan: 66-69	734.5	4869.8	1193.4
IV Plan	765.0	5495.1	1293.0
V Plan	695.9	4906.2	1269.0
VI Plan	859.4	6270.9	1313.4
VII Plan	818.6	6419.5	1411.6
VIII Plan	802.8	7562.6	1695.7

Source: [www.nirjaft.res.in](http://www.nirjaft.res.in)

In fact, between 1951 and 1956 the speed of modernization of machinery throughout the mills was quite fast. A short lull took place in 1957-1958 but again between 1959 and 1963 a considerable amount of work was done in this direction. This work was again interrupted due to the war with Pakistan and other problems

outside the industry's control during the years 1964 and 1965. The modernization that was carried out in the period 1955-1963 led to the introduction of high speed auto doffing sliver spinning system in place of the rove spinning system. In respect of the first drawing line as also in the spinning line there has been a certain amount of modernization in a few jute mills, but in other areas, attempts to upgrade technology have not made much headway.<sup>1</sup>

In the year 1957-58 the area under raw jute was 17.54 lakh acres and the production was 40,88,000 bales; ten years before i.e. in the year 1947-48, the area covered was 6.5 lakh acres and the production in the corresponding period was 16,95,000 bales. The consumption of raw jute in the mills in 1957-58 was 62,23,000. At the end of 1958, there were 112 jute mills in India with a total loomage of 72,365 which represents about 53% of the total loomage capacity of the world. Of the 112 mills, 101 were concentrated in West Bengal State only. The number of companies managing all the 112 mills was 82.<sup>2</sup> In 1965, the total looms installed by the industry were about 75,000. The industry is largely concentrated in West Bengal, which accounts for 71,100 looms of the all India total. It provided employment for about 2,00,000 workers in Calcutta and its suburbs.<sup>3</sup>

The raw-jute production in 1978-79 was estimated at 6.45 million bales and the combined production of jute and mesta was 8.1 million bales. Though India is the largest producer of jute, she accounts for only 39% of the world raw jute output. Since 1974, power-cuts, strikes, and trouble in the docks and the stiff competition in the external market have eroded the viability of the jute industry.<sup>4</sup>

Indian exports of jute manufacturers amounted to Rs2500 million during 1972-73. In terms of quantity, the exports were 1.21 million tonnes in the year. Out of the total production of 1.21 million tonnes in 1972-73, the share of hessian was of the order of 3,50,000 tonnes while that of carpet backing was 1,82,000 tonnes and of sacking 5,26,000 tonnes. Of the total exports in 1972-73, estimated at 5,85,000 tonnes, the hessian contributed 2,70,000 tonnes, carpet backing 1,60,000 tonnes and sacking 85,000 tonnes. The Indian share was as much as 57% in the world exports in

<sup>1</sup> IJMA, Commemoration Volume on the occasion of the International Jute Symposium, September 19 and 20, 1983, Delhi.

<sup>2</sup> Textile Industries, Indian Industries (5<sup>th</sup> Edition), Indian Industries, Bombay, 1961, pp2-3

<sup>3</sup> Textile Industries, Indian Industries (8<sup>th</sup> Edition), Indian Industries, Bombay, 1967, p2

<sup>4</sup> Goswami, Omkar., Industry, Trade and Peasant Society, The Jute Economy of Eastern India, 1900-1947, Oxford University Press, Delhi, 1991, pp-1-2

1967-68 which was gradually reduced to only 41% in 1970-71, it again went up to 56% in the subsequent year.<sup>1</sup> The 1973/74 season witnessed a steep rise in exports of jute to the average level of the sixties. Production of jute goods in India improved again in 1973. India's jute industry continued to face recurring power cuts and labour problems and production of goods in 1973 consequently declined by about 7%.<sup>2</sup>

The declining condition of the jute industry started rapidly after 1965. At least 4 factors were responsible for this condition. First, there was a decline of the export markets, as synthetics became popular because it was cheaper and more durable packaging material. Second, West Bengal did not get priority in India's economic planning or in freight equalization policies. A little attempt was made to promote export-oriented industries. For example, after the devaluation of the rupee in 1966, an export duty was levied on jute goods. As a result, East Pakistan got a large competitive advantage and subsidized its export. The third factor which was responsible for the condition was the withdrawal of British capital. Indian entrepreneurs slowly took over the ownership from the British. But by the middle of the 1970s, the financial position of the industry became bleak. Fourth, the labour situation changed drastically around 1970. Within five years the industry faced four general strikes and the share of wage costs in total manufacturing cost augmented rapidly. After 1975, production has remained remarkably constant, though the industry is in serious crisis. The new industrial climate in the second half of the 1980s had no visible impact on the industry. The industry is still 'sick' and many units close down regularly, for periods of over a year. The industry has experienced short-time revivals, like in 1989, but this did not yield any change in the downward course of the industry. In the first of the 1960s, employment started increasing mainly because of the fast increase in production. The second half of the 1960s witnessed a rapid decline in employment. After 1969, employment recovered to achieve a relatively high level by the mid-1970s. The number of workers per loom, however,

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<sup>1</sup> Mirchandani, G. G., *Aspects of Agriculture in India*, Allied Publishers, Calcutta, 1975, pp183-184

<sup>2</sup> Food and Agriculture Organisation of the United Nation, *FAO Commodity Review and Outlook, 1973-74*, Rome, 1974, p184

continued to decline. Employment showed a gradual decline after 1975 so that by the late 1980s there were only 2,20,000 workers engaged in the industry.<sup>1</sup>

Table-2.9 shows the production of jute goods during the period from 1947-48 to 2002-03. Jute goods include hessian, sackings, Carpet Backing Cloth (CBC) and other items. During the period from 1947-48 to 1948-49, the production of jute goods increased. In between 1949-50 and 1960-61, unstable production is observed. In 1961-62, the production of jute goods was 1069 thousand tonnes. The production increased from 1069 thousand tonnes in 1961-62 to 1137.7 thousand tonnes in 1971-72. The increasing trend in production continued from 1962-63 to 1964-65. The years from 1965-66 to 1968-69 experienced a downfall in production. From the year 1969-70 to 2002-03, the production of jute goods was not stable in nature. Sometimes the increasing or decreasing trend in production has been noticed. In 1997-98, the production was 1678.4 thousand tonnes. The immediate following years i.e. 1998-99 and 1999-2000 experienced a decrease in production. In 2000-2001, the production increased. The production of jute goods was 1600.8 thousand tonnes and 1621.8 thousand tonnes in 2001-02 and 2002-03 respectively.

**Table-2.9**  
**Production of Jute Goods from 1947-48 to 2002-03**  
**(Quantity: in 000'Tonnes)**

Year	Production
1947-48	1051.2
1948-49	1956.3
1949-50	837.8
1950-51	871.7
1951-52	960.2
1952-53	905.3
1953-54	879.6

<sup>1</sup> Arjan, De Haan. and Sen, Samita., A Case for Labour History: The Jute Industry in Eastern India, K. P. Bagchi & Company, Calcutta, 1999, pp.14-15

1954-55	1010.8
1955-56	1112.6
1956-57	1041.7
1957-58	1073.2
1958-59	1057.1
1959-60	1091.5
1960-61	1022.5
1961-62	1069
1962-63	1218.2
1963-64	1249.1
1964-65	1320.3
1965-66	1226.7
1966-67	1152.1
1967-68	1140.6
1968-69	931.6
1969-70	969.1
1970-71	978.8
1971-72	1137.7
1972-73	1044.3
1973-74	1068.6
1974-75	1077.1
1975-76	1292.8
1976-77	1187.4
1977-78	1167.9
1978-79	1071.6
1979-80	1348.4
1980-81	1402.2
1981-82	1304.0
1982-83	1325.4
1983-84	1119.6
1984-85	1271.1

1985-86	1448.7
1986-87	1359.3
1987-88	1218.9
1988-89	1360.6
1989-90	1345.9
1990-91	1421.8
1991-92	1271
1992-93	1342.8
1993-94	1401.4
1994-95	1400.1
1995-96	1433.0
1996-97	1400.9
1997-98	1678.4
1998-99	1596.2
1999-00	1590.2
2000-01	1624.9
2001-02	1600.8
2002-03	1621.8

Source: Compiled from: IJMA, Annual Summary of Jute and Gunny Statistics-1997-98, Calcutta, pp-57-59 & Office of The Jute Commissioner, Calcutta.

Consumption of jute goods produced by the industries shows that in the early sixties, about 80% of the total production of jute goods were exported and the remaining balance i.e. 20% went for domestic consumption. Today the situation is just reverse. 80% of the total production of jute goods is consumed within the country and the balance 20% goes for exports. Realizing the dependency of the industry on the domestic market, Government of India introduced Jute Packaging Materials Act 1987 to protect the interest of the industry from the competition of synthetic substitutes.<sup>1</sup>

Table-2.10 shows the export of jute goods during the period from 1946-50 to 2002-03. During 1946-50, the export of jute goods was 811.8 thousand tones. From

<sup>1</sup> Directorate of Industries, Quarterly Bulletin in Investment, Industry and Trade in West Bengal, Government of West Bengal, March 2003, Vol 1, No.4

1950-51 to 1956-57, it is noticed that export of jute goods was in an increasing trend. During the period from 1957-58 to 1981-82, volume of export of jute goods was not stable. In between 1982-83 and 2002-03, the volume of export of jute goods drastically reduced compared to the earlier years although this period experienced a mixed trend in export of jute goods from India.

**Table-2.10: Export of Jute goods from India from 1946-50 to 2002-03**  
(Quantity: In 000' Tonnes)

Year	Total
1946-50*	811.8
1950-51	660.1
1952-53	717.2
1953-54	790.3
1954-55	864.6
1955-56	877.9
1956-57	914.8
1957-58	847.3
1958-59	796.9
1959-60	867.1
1960-61	800.1
1961-62	792.0
1962-63	874.0
1963-64	908.8
1964-65	950.3
1965-66	896.3
1966-67	735.6
1967-68	751.4
1968-69	649.1
1969-70	565.7
1970-71	557.8
1971-72	674.0
1972-73	589.9
1973-74	565.0
1974-75	585.2
1975-76	513.5

1976-77	452.5
1977-78	521.4
1978-79	328.1
1979-80	504.2
1980-81	436.7
1981-82	434.2
1982-83	329.6
1983-84	233.6
1984-85	291.3
1985-86	251.2
1986-87	276.7
1987-88	239.9
1988-89	202.7
1989-90	225.8
1990-91	205.5
1991-92	232.8
1992-93	184.0
1993-94	195.1
1994-95	221.4
1995-96	218.1
1996-97	155
1997-98	240
1998-99	171
1999-00	169
2000-01	181.4
2001-02	146.1
2002-03	229.2

Source: Compiled from IJMA: Annual Summary of Jute and Gunny Statistics, 1997-98, Calcutta, pp-89-90 and Office of the Jute Commissioner, Government of India, Calcutta. \* indicates "Average".

Efforts have been made by the Government of India from time to time for the revival of the century-old jute industry. Different policy measures have been adopted to regain the past glory of the jute industry. Enactment of Jute Packaging Materials Act (JPMA), 1987, setting up of the Indian Jute Mills Association (IJMA), Indian Jute Industries Research Association (IJIRA), Jute Commissioner of India (JCI), Jute

Manufactures Development Council (JMDC) and National Centre for Jute Diversification (NCJD) are the notable steps taken in this direction. Tripartite Agreement was signed between State Government, Workers' Unions and Employers.

The Indian Jute Mills Association (IJMA) is the apex body of jute mills in the country. Around 62 jute mills in West Bengal, Andhra Pradesh and Bihar are the members of IJMA.

The Union Government enacted the Jute Packaging Materials (Compulsory Use in Packaging Commodities) Act (JPMA) in 1987 as a policy measure to support the jute industry and millions of jute growers in the country. It has been breached more than observed by the user industries. The four (4) commodities like food grains, sugar, cement and fertilizer (urea) were initially brought under the purview of the Act but later on cement, followed by fertilizer, were exempted. In 2002, the Government on recommendation of an interministerial committee diluted the mandatory jute packaging order in respect of both food grains and sugar to 80% and 75% respectively. It also approved further dilution of reservation percentage of food grains to 60% and that for sugar to 50% w.e.f. from July 1, 2003. The dilution of the mandatory jute packaging is going to threaten the very existence of 78 strong labour intensive jute mills employing more than 2 lakh workers and 4 million jute farm families directly. Besides, more than 5 million people earn their livelihood from jute related activities. As an agro-based industry, jute also happens to be environment-friendly.<sup>1</sup>

The Jute Corporation of India (JCI) was established by the Government of India in 1971 to function as the official agency in implementing its policy of providing minimum support price to the jute growers and to serve as stabilizing agency in the raw jute sector. It was established to protect the interest of jute growers through procurement of raw jute at minimum support prices. It has 171 purchase centres in jute growing states. The setting up of sizeable purchase centres in 1971 indicates the proper attention was given for growth and development of jute industry in ensuring a smooth flow for the supply of raw jute to the jute mills.

Table-2.11 shows the names of the States with number of Purchase Centre/s. It is noticed from the Table-2.11 that most of the Purchase Centres are located in West

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<sup>1</sup> The Economic Times, Kolkata, 17-06-2003

Bengal. Assam and Bihar have a sizable number of Purchase Centres i.e. 25 and 20 respectively. The state, Meghalaya has only 1 Purchase Centre.

**Table-2.11**

**Number of Purchase Centre(s) of JCI in different States**

States	Number of Purchase Centre(s)
West Bengal	100
Bihar	20
Assam	25
Meghalaya	1
Tripura	5
Orissa	7
Andhra Pradesh	13
Total	171

**Source: [www.jutecorp.com](http://www.jutecorp.com)**

JMDC is an arm of the Union Ministry of Textile, which was created in 1983 through an Act of Parliament. JMDC was set up as a statutory body with effect from 1-5-1984. The Act provides for establishment of a Council for the development and production of jute manufactures by increasing efficiency and productivity in the jute industry and the financing of activities for such developments and for matters connected therewith. Jute Manufactures Development Council (JMDC), under the Ministry is engaged in implementing market promotion activities particularly in the export markets. The Government has strengthened the Council further by providing for increased collection of cess through amendment of the JMDC Cess Act. The increased resources will enable the Council to implement the newly launched Capital Subsidy Incentive Scheme for modernisation of jute industry.

National Centre for Jute Diversification (NCJD) was registered in January 1992 under the Societies Registration Act, 1860. NCJD was established in June 1994 under the Chairmanship of Secretary (Textiles) in order to give focussed attention to the diversification efforts in the jute sector. The NCJD is implementing the following schemes for development of the jute sector: (1) Jute Service Centre (JSC) Scheme (2)

Raw Material Bank (3) Design Development (4) Jute Entrepreneurs Assistance Scheme (JEAS) (5) Market Support Scheme (6) Technology Application Scheme The programme of diversification of jute products is being implemented by National Centre for Jute Diversification (NCJD).

International Jute Organization (IJO) is the inter-governmental organization to administer the provisions and to supervise the International Agreement on Jute and Jute products, 1989. The organization came into existence on 09-01-1984. India had been a member of IJO since its inception. India, however, withdrew from the membership of IJO briefly for the period 20-04-1998 to 07-01-2000 on account of differences on the future set-up of IJO among member nations. However, India has rejoined the International Jute Organization w.e.f. 23<sup>rd</sup> December 1999. India's re-entry into the International Jute Organization will strengthen India's efforts in increasing the market size for its jute products particularly food grade jute bags and diversified jute products in the international jute market.

The Jute Manufacturers & Export Council (JMEC) initiates measures to promote and support the age-old jute industry and enables it to compete in the global market with countries like Bangladesh. It has broadly categorized measures such as technology development in the jute sector, Government help to farmers to grow better quality of jute (to yield fine raw material comparable to Bangladesh), financial support like concessional interest bearing loans to the sector, setting up a Jute Bank in Delhi, a fund for creating awareness and popularizing jute products, strict implementation of ban on use of plastic bags, and for State Governments to make use of jute carry bags mandatory.<sup>1</sup>

Wages of workers in the organised sector are regulated by industrywise tripartite agreements. The agreement for jute industry was signed on 2-12-1995 and was valid for a period of three years. Before 2-12-1995, the agreement for jute industry was signed on 17-3-1992 and was valid for a period of three years. A tripartite agreement regarding jute workers was signed in Kolkata on January 5, 2002. The major clauses of the agreement include—

- (1) The zero number learners and voucher workers would be paid a minimum of Rs100 as daily wage. Those having DA higher than 2427 points, would be paid DA at the rate of Rs1.90. All these workers would be given benefits of

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<sup>1</sup> The Hindu, Online edition of India's National Newspaper, 3<sup>rd</sup> May, 2003

PF, ESI, HRA and gratuity. Those paid more than Rs100 as daily wage would be given fringe benefits.

- (2) The workers are fully aware of their responsibility regarding production. They have accepted 33% production of basic wages. As the targets fixed by the workers and owners could not be achieved, they had to fix anew.
- (3) Workers were given the facility of permanent and special badli at the rate of 250 points.
- (4) Mill owners had stopped the payment of DA from November, 2000. Workers would be given Rs500 more along with 212 points of freeze.
- (5) The State Government would consider fixing the proportion of permanent and badli workers at 90% and 20% respectively, and would come back to the owners and workers in a year with a solution.
- (6) The bhaghwala practice would be abolished.
- (7) The remaining demands of the workers would also be considered.
- (8) Mill owners would have to pay the remaining gratuity.

Jute is a unique gift of nature. It is now not only used in producing the conventional jute goods but it is being used for jute hydrocarbon free bags, jute handicrafts also. Geo-jute is the recent innovation. Jute-geo-textiles are being increasingly used in India to solve many geo-technical problems. In fact the biodegradability of the substance is viewed as a very welcome feature as after the useful life span, the material can decompose and merge with the surrounding soil. It is claimed that in this process the soil is also enriched. The objectives of jute Geo-textiles are to popularise use of jute geo-textiles in (a) Protection of slopes and vegetation; (b) Bank protection of waterways; (c) Construction of Railway Road and Embankment.

Jute hydrocarbon free bags are the safest packaging material for agro-based products. These bags are being increasingly used in place of regular jute bags. Jute hydrocarbon free bags are actually sacking bags that have been guarded against any contamination of hydrocarbons. Such bags are also free from any kerosene smell and hence are specifically used for packing sugar, coffee, cocoa, rice, potato, onions, peanuts, cotton, wool, etc. Hydrocarbon-free food grade bags are totally safe for storing edibles. These are eco-friendly and biodegradable.

Another potential area is diversified use of jute. Demands are growing for products such as fine yarns, decorative fabrics, shopping bags, wall hangings, carpets and jute-based floor coverings, geotextiles, paper, paper pulp and moulded products for door panels and automotive components.

The sick jute mills enjoy fiscal concessions both at the state and central level. These sops allow them to offer heavy discounts on their prices since their production cost is obviously low compared to others. However, such price cuts make things difficult for the comparatively well run mills. There are two categories of sick jute mills. One falls under the Sick Industry Companies Act (SICA) in West Bengal, while the other comes under the Board for Industrial and Financial Reconstruction (BIFR) at the centre. In addition, the West Bengal government has recently introduced an incentive scheme, called West Bengal Industrial Renewal Scheme 2001, mainly for the revival of sick jute mills. Jute mills, which incur cash losses for 2 years in a row and suffer from negative net worth, may seek fiscal benefits under SICA or the newly introduced incentive scheme. All sick units which become defaulters on statutory liabilities like PF/ ESI / gratuity and institutional loans may refer their cases for rescheduling liabilities and rehabilitation schemes or winding up proceedings through the regional high courts. The concessions comprise a capital investment subsidy of 15%-25%, subject to a limit of Rs1.50-2.50 crore, an interest subsidy of Rs1 crore, waiver of electricity duty to the extent of 100% for 5 years, disposal of surplus land assets, rescheduling of arrears sales tax and power dues and grant of soft loans.<sup>1</sup>

The above deliberation evinces the ancestral history as well as the present scenario of jute industry in India. Jute has been growing in the Indian Subcontinent for centuries. The jute industry started in and around 1830 and continued till now. The year 1854 marks a milestone in the history of jute industry when the first jute mill was established by George Auckland at Rishra in Hooghly district of West Bengal. In 1857, the second jute mill was set up at Baranagore. The next few decades witnessed a spectacular expansion, growth and subsequent maturity of this industry. For more than a century, jute industry occupied a very important position in the national economy of India. The Crimean War and American Civil war aided the development

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<sup>1</sup> The Economic Times, Kolkata, 10-07-2003

of jute industry. The First World War had a negative impact on jute cultivation due to decrease in world demand for raw jute. The great depression of 1929-33 adversely affected jute cultivation and also the prosperity of jute industry in India. The demand for jute increased when the Second World War broke out. Indian jute industry suffered a shock when India and Pakistan were partitioned. As a result all jute mills belonged to West Bengal while the jute growing areas went to East Pakistan (now Bangladesh). India gradually eradicated the problem and started expansion of jute cultivation. The Indian jute industry is beset with problems. The Government of India has taken various measures for the revival and rejuvenation of the jute industry.

Since our research work is related to fringe benefits and social security measures in some selected jute mills, it is felt essential to make an in-depth study on the conceptual aspect of fringe benefit and social security. So an in-depth study has been made in this area in the next chapter.