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2.1 Background of Jute Cultivation in Assam

Though agro-climatic conditions of Assam were favourable for production of jute, its cultivation was not known to the people of Assam until the 12th century. Detailed discussions on the agricultural practices and crops in Assam are available. Production of silk and other fibre can be found but cultivation of jute is not mentioned anywhere. Even in the early part of the 19th century jute was not an important crop of Assam. The cultivation of different fibre crops like cotton, remie, mesta, etc. was common to the people of this province but production of jute was of little significance. In trading lists, jute did not have any place until the first part of the 19th century.

It is difficult to ascertain as to how and when jute cultivation came to be practised by the indigenous people of Assam. But there is evidence of jute being produced in the districts of Goalpara, Kamrup, Darrang, Lahimpur and Cachar of Assam in 1960 and of Sylhet district (now in Bangladesh) having exported raw jute to Calcutta in 1968-69. The amount of export of raw jute to Calcutta from Goalpara district of Assam was considerable, but Sylhet district exported the highest amount of raw jute.

It appears that the history of cultivation of jute in Assam is closely linked to the history of colonisation of Assam by the British and subse-
quent planned migration of a large number of people from the erstwhile East Bengal to Assam.

The colonial British administrators suggested to the British government for colonisation of the alluvial flat watesland of Assam through settlement of the cultivators of Bengal in different times, so that these immigrants could raise the raw jute for export to England to feed the jute mills set up there.

The first suggestion came in 1829, just after annexation of Assam into the British territory by virtue of the treaty of Yandaboo between the British and the Maan in 1825. The Court of Directors at Fort William asked the Sudder Board of Revenue to search for raw materials in Indian provinces so that they could be rendered to the services of the Government of Britain. They wanted to invest more skill and capital for the improvement of cotton and other staple fibre for exporting to European market.

In 1835 Francis Jenkins submitted a colonisation scheme in the vast land of Assam to the government. The purpose of the scheme was to raise the agricultural produce for export and thus increase revenue for the government. Again in 1874 and 1881, the Commissioner of Assam suggested settlement of Bangalee immigrants in the good flat alluvial soil of Assam. The British government in 1888, declined it on consideration of obstacles of climate, language and risk of health.

The Assamese cultivators in general cultivated that much of land as they needed for their subsistence. Nobody wanted to reclaim new land without abandoning the already cultivated land. In view of this situation Sir Henry J. Cotton, the then Commissioner of Assam put forward
a scheme in 1896 for jute cultivation in the wasteland of Assam by settling the immigrants of Bengal. This was the first systematic effort on the part of the British administration towards the development of jute cultivation in Assam. On June 2nd of the same year colonisation was recognised and the British chose the tough, hard-working inhabitants of over-populated East Bengal for the purpose.

The line system: The line system first mooted in 1916 and adopted in 1920 was a device to settle the immigrants in segregated areas, specified for their exclusive settlement (a line was drawn in the district to specify this) to avoid clashes between the immigrants and indigenous groups. But the system did not succeed in protecting the interest of the indigenous people of the province. The immigrants infiltrated to the other parts of the province and consequently clashes took place between them.

Thus immigrants entered into Assam in far greater number than was estimated by the government and occupied more areas than specified by the government.

The Assamese Mahajans of Barpeta and the Marowari traders in general provided substantial part of the necessary finance so that immigrants could reclaim land and expand the cultivation of jute and Ahu (Aman) paddy and vegetables. In return these worked in houses of mahajans without any wages and supplied many agricultural produces free of charge.

Assam valley is a natural extension of Bengal basin and with the development of jute industry in Bengal in the first part of the 19th century, cultivation of jute started expanding in Assam too. In Goalpara district which is adjacent to Bengal, jute cultivation started in a big way in the
second part of the 19th century. This happened due to induced and natural immigration of peasants, farm settlers and skilled cultivators of lucrative cash crops like jute, mostly from Bengal into the wasteland of Goalpara. Gradually they spread to other districts of the province. The immigrants mostly concentrated in the low-lying areas of Kamrup, Darrang, Nagaon and ultimately in Lakhimpur district.

Thus from the first part of the 20th century, Assam became an important jute producing state of India next only to Bengal.

Assam as a jute growing state of India received more attention just after the attainment of Independence in 1947. India was divided into two countries, viz., India and Pakistan. About 70% of jute producing areas of undivided India went to Pakistan and almost all the jute mills remained in India. Consequently, crisis arose in the Jute Mill Industries of India. At the time of partition India and Pakistan did not have good relation. Imports of raw jute from East Pakistan had to stop. This led to closure of several jute mills in India as there was severe shortage of raw materials.

The Government of India to mitigate the problem of raw-material shortage, launched "Grow More Jute Drive" in 1950-51. As a result Assam began to get more attention for expansion of jute cultivation as its agro-climatic conditions were far more favourable for jute-growing than any other state of India except Bengal.

Since 1950-51, although the total area of cultivation of Assam remain almost same (4 percent of the total sown area), the average production
increases from 1084 kg per hectare in 1950-51 to 1552 kg in the year 1981-82. The Government of Assam has established a separate Directorate for jute to raise the area, average yield and total production of jute in Assam. A Jute Research Centre has been set up at Dhirong of Nagaon district of the state to explore the potentialities of jute production in Assam. So far total area and total production is concerned Assam is far behind in comparison to the another major jute producing state, viz., West Bengal. For instance in 1981-82, total production of jute in West Bengal was 4473 thousand bales and total area of cultivation was 506 thousand hectare whereas in Assam it was 1004 thousand bales and 116 thousand hectares in the respective years of course average yield in the same period was almost same, i.e. 1591 kg per hectare in West Bengal and 1552 kg in Assam.

2.2 Review of Literature

The problems relating to marketing of crops and other agricultural products have been studied extensively and from various points of view in India. The major works are relating to market supply, structure of marketing, price spread and costs of marketing, marketing efficiency and market integration, flow of supply, buffer-stock and its effects on markets, supply and price stabilisation, producers' response to price change, state intervention and its effects on prices and supply, regulated market and its efficiency, etc. We discuss some of these studies below:

The studies relating to the market supply are concerned mainly with foodgrains. the occasional papers on reports published by the Directorate of Marketing and Inspection attempt to measure the magnitude of market
supply out of the total production of non-food crops. Individually B.P. Dutia (1963) studied cotton relating to world supply and demand condition with that of Bombay market.

Regarding structure of marketing M.L. Dantwala (1937) makes the first systematic study of market organisation relating to raw cotton. Dantwala examines the competitive character and efficiency of market operations. His findings are that the market organisations for raw cotton were not exploitative in character, were efficient in operation and also costs-effective. At the same time he pointed towards some degree of mal-practices in the market. Dantwala (1952) also studied the efficiency of Agricultural Produce Market Act and pointed out the efficiency and shortcomings of the Act.

Kulkarni's (1962) study is concerned with the study of regulated market. Kulkarni shows that though regulated markets bring about social benefits by eliminating mal-practices, yet the social overheads of regulated markets are a social cost to be reckoned with. Therefore, price differentiation gives only a partial account of benefits. In case of price spread and costs of marketing, the studies are confined to cotton and other agricultural crops and milk as well.

Regarding the study of market efficiency and market integration, the major contribution is made by Z.Y. Jasdanwala (1964), Ralph W. Cummings Jr. (1967) and Uma J. Lele (1968). Their major finding is that prices prevailing at different stages in marketing are closely related. Difference in prices at different stages and by-produces in different regions in different categories are explained by economic factors, the major one among them being costs of transport and storage. Lele's investigation
into the food Grain Marketing in India covers Punjab, West Bengal, Tamil Nadu and Maharashtra. She investigates into the extent and nature of imperfection in the marketing system and the capacity of the existing system to meet expanded demands. Her study was concerned with paddy, rice, wheat and jowar. Focussing on the marketing of these commodities, she investigates how storage losses reduced production, the ability of private trade to adapt to rapidly changing supply condition, the size of margins, and the degree of competitive in the marketing and processing of food grains. Her main concern was the study of foodgrain marketing in India with regard to Private Performance and Public Policy. However, Jasdanwala and others arrive at no common conclusion. This is because the conditions differ from crop to crop and from region to region; nor are behavioural studies made in this field conclusive.

There has been no important investigation to evaluate or to measure the relative efficiency of alternative agencies such as private traders, co-operatives and state agencies like State Trading Corporation (S.T.C.), Food Corporation of India (F.C.I.), C.C.I. (Cotton Corporation of India) and Jute Corporation of India (J.C.I) in the total marketing frame work.

So for the problem of raw jute marketing, has receive some attention from the successive Jute Inquiry Commission and other government sponsored studies by the Ministry of Commerce and Industry, Government of India and Indian Central Jute Committee.

Among the individual investigations in the context of jute industry are Indrajit Gupta's (1953) study on capital and labour in jute industries, and the study by P.K. Singha and others who examined the use of jute as a substitute of wool.
Atkinson and Murry's (1976) investigation reveals an average decline of 45% in price and 57% in real earnings of jute and jute-products in the period 1960-1975. They further showed that a significant cause of the decline in jute demand is the competition from synthetic fibres.

Ralph Clark (1957), Venkarta Raman (1958) and Rabbini (1965) have tried to explain the price elasticity of jute acreage of two different periods in India and Pakistan by using different analytical method.

Ashok Mitra (1977) has contended that the terms of trade moved against jute and in favour of cotton during the period of 1961-62 and 1973-74. His findings are that the jute growers are mostly small, poor and disorganised who cannot influence the price making bodies as much as their counter parts of cotton growers can.

P.C. Bansil's (1961) study which is restricted to West Bengal is concerned with the effect of the relative price of raw jute and aus paddy in the area under jute.

Tewari and Pandey (1970) confine their studies in marketing channel and came to the conclusion that jute is sold in villages, primary markets, haats, secondary markets, thus involving four stages of buying and selling in the process of jute marketing. They find that in the villages the Faria, Beparies and the agents of kutcha balers go from door to door of cultivators and collect the loose fibres. In the secondary market assorting and boiling are done. It is to this market that the farias, beparies, village Aratdars and sometimes cultivators themselves, bring their jute for sale and the kutcha balers act as buyers. After the purchase, the fibres are assorted and despatched to the pucca balers of terminal markets. Their
investigation was confined to Bongaon village of West Bengal.

Hussain and Haque (1968-69) have tried to explain the price elasticity of jute acreage for different periods in India-Pakistan. The most common one analytical model they used was one of correlating by means of linear regression, each years acreage of jute with the relative prices of jute and rice and also acreage under jute, all in the proceeding season. The result obtained in their studies suggested that jute farmers in India-Pakistan were responsive to prices and that the co-efficient of elasticity was larger when only aus rice was considered as the competitor which could be expected. But whether both aus and aman rice or only aus rice should be considered as the actual competitor and whether their assumption of hundred percent shiftability was correct have not been answered.

The study of Md. Abdul Jabbar (1971) is confined to white jute production improvement in selected area of Mymensingh District of East Pakistan.

Jasim Uddin Ahmed's study (1968) is mainly concerned with production and marketing practice affecting the growers prices of jute in some areas of Mymensingh District of East Pakistan.

Jabbar investigating the price response studies in relation to jute conclude that a function to explain price elasticity of jute acreage particularly in Bangladesh should include only that portion of the aus acreage as the competitor of jute upto which aus jute is shiftable and not both aus and aman or aus only. He further suggests that a detailed investigation should be undertaken to find out the exact possibility of acreage shifting between aus and jute.

J.S. Garg and R.K. Singh (1974) inquire into the cost structure of
jute in Kheri District of U.P. and show that very often growers' cost is not covered by the price if the weather is not favourable.

G.S. Maji (1970) also confines his study to the costs of jute cultivation in Nadia District of West Bengal.

An extensive study of the nature and characteristic of the Indian jute belt was made by P. Sengupta (1959).

Though Assam is the second highest jute growing state of India, very little work has been done about the economics of jute cultivation in the State. P.C. Goswami and C.K. Bora (1971) made an inquiry into the cultivation of Jute vis-a-vis Autumn Paddy in Assam. Their field of investigation was Nagaon District. From their studies they conclude that in the monetised economy, the growing of cash crop is very important to the growers as they require cash money for purchases of many of their essential requirements. The peasants are greatly influenced in their decision to grow commercial crops by economic considerations. Because of the higher return from jute, they were progressively increasing the acreage under jute. The acreage of autumn paddy has been dependant on family requirements of paddy, cash need and the relationship between the prices of jute and autumn paddy. In Assam, sali paddy is the main foodgrain. Other types of paddy (particularly autumn paddy) serve the purpose of both foodgrains and commercial crops. Hence there is constant endeavour to sustain the acreage under sali paddy. But jute as a competing crop of ahu paddy has encroached greatly on ahu land, although the total displacement of ahu paddy by jute is not possible on account of other consideration.
P.C. Goswami and J. Gogoi (1971) study the effect of price on cultivation and the disposal of paddy and jute of Nagaon District of Assam. Their findings are that in the short run price fluctuations do not effect the farmers' decision to increase or to decrease the acreage under the main staple crops unless they are sure of a permanent increasing trend in prices. Secondly, farmers divert their attention to grow commercial crops only after ensuring enough supply for domestic consumption. Thirdly, there is little scope for the farmers in the lower size-groups to increase or to decrease the area under principal crops. Only the big farmers are able to do this and take advantage of higher prices in lean months by holding back the sale of surplus crops.

The study conducted by D. Gohain and K. Gogoi (1980) is related to the functioning and progress of Integrated Jute Development Programme in Nagaon District of Assam. It also covers the impact of I.J.D.P. in the district and concludes that the impact of the IJDP is satisfactory. The peasants are benefitted and per hectare production is higher in the district due to IJDP operation. But they contend that due to inadequate supply of some inputs under the programme, the farmer cannot adopt improved package of practices fully. Many facilities like irrigation and scientific retting and improved agricultural implements are not available to the farmers. The peasants are facing difficulties in selling the commodities to the Jute Corporation of India due to many formalities. The nature of their investigation is evaluasive of the programme.

K.C. Bhuyan (1976) confines his work to the Economics of Jute Cultivation of Kaliabor Development Block in Nagaon District. It covers all the aspects of cultivation of jute and contended that in comparison to
the costs of production the prices of jute are often much lower. He also found many mal-practices in the process of marketing.

Thus the effort to study the economics of jute cultivation in Assam is not sufficient. The jute economy needs more exhaustive investigation from various angle. Our attempt in this respect is a humble one and we are aware of the financial and time constraints in this regards.

NOTES

2 Barua, B.K., 1969.
3 Ibid.
4 Hunter, W.W., 1879.