CHAPTER 14

CONCLUSION

This thesis proposed to ascertain whether jute is still a monetary asset to India. Since export of raw jute is negligible, (0.5%) and only 3.06% is consumed in the villages, over 64.32% of the raw jute produced reaches the mills and is converted into finished goods, which are consumed internally or exported. Hence, the worth of the raw fibre can be judged by the success of its main outlet—the jute manufacturing industry.

However, the analysis of the facts of the situation indicates that a relatively good performance during the 1950s and 1960s was followed by a deceleration in the rate of output and productivity of the industry since the 1970s. Today, the industry is noted for its backwardness and stagnation. This has been accompanied by the virtual cessation of all capital investments in jute goods production.

Since raw jute accounts for about 50% of the manufacturing costs of jute goods, its fluctuating supply has been a basic constraint to the industry; for a more comprehensive understanding of the problem, the raw jute scene and all interlinked factors have been reviewed, and the following assessments made.

Jute is grown by small marginal farmers in the hope of higher returns, but since the most fertile land is given over to foodgrains production, the production of jute has suffered on two accounts (1) quantity and quality of production are inadequate, and (2) productivity is naturally low and has not received adequate attention from the start.
Raw jute, being an agricultural product in an intensive subsistence scheme of a developing agrarian economy, is still largely dependent (in 70-80% of jute areas) on rainfall, whose vagaries influence the fluctuation in crop performance. Still, through adequate and proper marketing practices (extension of buffer stock facilities), the effects of fluctuation on price can be minimised over its current position and raw jute crop production made more independent.

However, in this connection, though emphasis has been commonly placed on expansion of irrigated area as a means of freeing jute crop production from the bonds of rainfall, and efforts made to ensure the same, it has also been noted that provision of irrigation facilities does not automatically enhance raw jute production. The relative profitability of jute and paddy is such that under assured irrigation, farmers have a tendency to turn to HYV paddy with its promise of more remunerative returns, especially in view of the great demand for foodgrains. In view of the latter, a restriction of jute area would be acceptable, even desirable, but from the point of view of the jute crop, this must be attended with technological inputs, leading to improved productivity and quantity of fibre. The substitutability of jute and paddy has been countered with the introduction of multiple cropping (the jute-paddy-potato scheme being found most remunerative and beneficial). Thus, though areal expansion under irrigation has been responsible for most of the raw jute production till recently, it cannot provide the solution to future increase in raw jute production.

In fact, productivity which has hitherto remained dormant, is now considered to be the key to the expansion
of production. Of all the inputs, fertilisers are considered to give quickest returns, but whether fertilisers, plant protection measures, or improved seeds, the high cost and uncertainty of supply has retarded the rate of their adoption. The marginal jute farmer may not be in a position to afford such inputs, and even those who do adopt these new techniques, will naturally seek to recover their investment by raising the price of raw jute, which will affect mill cost-structure and ultimately lower the competitive position of jute goods. Such a high technological approach calls for investment resources (which are not available) and should therefore be avoided. The need of jute farming, with its limited resource base and adverse socio-political milieu, is radically different from that of basic foodgrains, which benefitted from the capital-intensive technological breakthrough, that by-passed the small and marginal farmers. Jute farming needs technology that is low-cost, location specific, making better exploitation of the existing technology, not forgetting the need for inexpensive farming implements, adapted to meet our Indian conditions.

An analysis of qualitative requirements reveals a growing demand for superior grades, which, allied to production in excess over demand for inferior grades, has upset the demand-supply equilibrium.

Quality improvements in fibre start from seed stage, breeding, and continue through technological cultivation practices and preparation of fibre, but retting is the single most important determinant of Quality, and hence, should be given priority. Defects resulting from careless preparation or disease/pest incidence should be minimised; new methods
to upgrade quality can be implemented and grading must be practised.

The allotment of subsidy is beneficial, but what is more important is the effort to convince the farmers of the efficacy of using new techniques, ranging from cultivation to grading. But extension facilities in jute are sadly inadequate.

The JCI was set up to help strengthen the socioeconomic position of farmers; a laudable action, but due to certain problems affecting its proper functioning, it has not been able to keep the expected control over marketing.

Inadequate marketing facilities encourage many agencies between producer and consumer, and at every stage of transaction, taxes and other additions raise the price of raw jute such that its outstanding quality of cheapness is lost, pushing up the manufacturing cost of jute goods. Even the minimum prices fixed by the Government do not serve the purpose of benefitting either farmer or the mills, but only the middlemen, who bridge the considerable gap between the producer and the consumer (especially in the absence of any other suitable marketing alternative).

Morever, jute goods have no brand name that can be advertised and promoted, nor can they be traced directly back to any producers. Thus, jute goods are sold, not marketed, but will naturally benefit from a programme of planned marketing strategy, especially if there is intent to comply with specifications desired by consumers.

To solve the inherent problem of marketing deficiencies, there should be a network interlinking credit, marketing and production aspects and institutions (JCI,
Co-operatives, panchayats and banks) involved in the jute economy from the stage of land preparation, through inter-cultural operations, grading, baling to marketing - the intention being to strengthen the growers' economic status and bargaining position with assurance of remunerative returns, and, at the same time maintain a check on undesirable price rise, that will adversely affect mills, thus attempting to minimise the influence of middlemen, whose position in the economy is so deeply entrenched that their elimination would necessitate social upheaval.

Since raw material and labour constitute 70-80% of jute manufacturing cost, it would be beneficial to cut down the total amounts of both utilised. In a developing nation, labour rationalisation means additional unemployment, which is not socially desirable and has been the chief impediment in introducing automation in modernisation; but since labour is highly paid, skilled labour can be beneficial to a plan to produce capital and raw material scarce, but high-value constructions.

It has already been ascertained that the old traditional items like hessian, burlap and gunnies were valued for their cheapness as packaging, but since this characteristic is difficult to maintain today, these constructions are facing tremendous competition from synthetics, bulk-handling techniques and cheaper rival producers. Thus, these traditional items will only find markets in developing, agrarian economies, areas deficient in or unaware of other forms of packaging, or still others who value jute above other alternatives because of its special properties.
In the main, however, the industry will have to produce new types of products, lightweight (with lower raw jute content), decorative, fancy, exclusive high-value jute products and those which cater to the exact specifications desired by exacting consumers.

In order to produce these new types of products, newer techniques of production may have to be introduced e.g. twistless spinning of jute facilitates production of lightweight fabric and bags.

However, till date, since 1956, the only two items introduced and included in the product-mix were cotton bagging and carpet backing. R & D outlay over the 1981-87 period was only Rs. 350 crores, barely 1% of the total profits, and extension facilities for disseminating and advertising the products are both inadequate.

Thus, it has been noted that the stumbling block of uncertain supply of raw jute has been surmounted to some extent; especially, bearing in mind that jute is an agricultural product of a labour-intensive, capital-scarce economy, its progress in production and preparation though undoubtedly slow and below expectations, is definitely an improvement over the past performance. But even so, jute produced must be utilised for demand and supply to be balanced in order to maintain equilibrium in the economy. But the jute manufacturing sector cannot absorb all the jute produced. The domestic market has provided a convenient outlet in the face of dwindling exports, but it is the export sector which brings the real contribution to the national exchequer and especially the foreign exchange reserves.
Export performance, though disappointing in the past has registered a slight improvement, and with the recovery of jute consumption in the world, has good growth prospects, provided the Indian jute industry can capitalise on the situation, with suitable measures implemented.

Socio-economic problems and those of financial nature can be resolved through adequate credit-marketing measures, while political (labour) issues should be resolved through tripartite talks involving labour, management and the ministry; a task easier said than done because of the numerous factors involved; but it is noted that even when the government has provided credit and other facilities, full utilisation has never been made of the same. Thus, many of the problems are created ones which have no real basis and can be eliminated, if the jute mills take a firm stand.

Though the current crisis is the most serious one faced by the industry in its chequered history, world demand for and consumption of raw jute and its goods is expected to increase at the rate of 2% per annum by 1990, the maximum increase being expected in developing nations, especially those of South East Asia (2.9%), and India (2.8%).

This hope, allied to the fact that, subsequent to the introduction of the first integrated package of remedial measures, 1986 saw an increase in the production of jute goods by 1,33,000 tonnes and 2,07,000 tonnes over 1984 and 1985, respectively, and 12,000 tonnes and 19,000 tonnes in the case of hessian and carpet backing exports, proves that conditions are not so severe so as to be completely beyond control, provided that the control measures
employed are adequate, timely and properly implemented.

The Seventh Plan envisages the production of 9.0 million bales of raw jute and 1.60 million tonnes of jute goods by the end of the Plan period, which objective is perfectly reasonable, provided the industry diversifies its products and methods of production. This may necessitate complete overhauling of the entire system, involving close co-ordination between state governments and the Centre.

In conclusion, it may be stated that the industry is still in a crisis, and is suffering losses, but in most cases, the problems outlined in the course of this thesis, can be remedied, but only if the industry and its management make a concerted effort to keep the jute machinery moving smoothly and productively, supported adequately by both state and Central governments; further, the time for revita-lising the industry is the immediate period, so that the Indian jute goods industry may cash in on the stage of world recovery in jute consumption, and may attempt to once again regain its position as an important foreign exchange earner and a monetary asset to the nation.