Preface

Companies across the globe have to deal with a number of challenges, the most threatening being financial distress which may wipe out the company’s existence. Financial distress in relation to an industry signifies its failure in successful operation of its main financial activities like profit making, debt clearing etc. over a number of years due to improper planning, inefficient capital budgeting, and some other external constraints. Industrial units are very much prone to financial sickness, and financial distress always poses a serious threat to an economy. Financial distress does not grow overnight. It occurs gradually and in steps, and ultimately calls for bankruptcy of the organization. Further, the industries which depend mostly on the external factors like timely and adequate supply of raw materials, market competition, government policies etc. are more prone to financial distress, and jute is one such industrial sector which is exposed to such external factors than the internal issues and hence is likely to attract financial anomalies more quickly.

Indian jute industry is one of the mainstays of the national economy. It is also one of the prevalent sectors of India’s exports worldwide. It has played a significant role in terms of generating revenue and employment in India since decades. The major jute producing states in India are West Bengal, Assam, Bihar, Orissa and Andhra Pradesh, but the importance of West Bengal in Indian jute sector is enormous. The favourable demographics of West Bengal in terms of its geographic location, climate, availability of labour etc. have helped it nurture jute industry since long past. As a result, West Bengal has been in a better position in comparison to any other Indian states as far as yearly production and export of jute goods are concerned. However, evidences suggest that though the jute industry of West Bengal had flourished in the past, yet for the last few years it has been suffering from a number of problems like high production cost, irregularity in supply of raw jute, huge competition from the plastic and synthetic products, besides financial anomalies. Therefore, it becomes imperative to conduct a thorough research so as to identify the causes of financial downsides of the jute industry in West Bengal and hence suggest preventive measures as far as practicable. Also, the possibility of revival of sick jute mills or devising an appropriate package of restructuring and rehabilitation for the West Bengal’s jute industry need to be explored through an in-depth study. Accordingly, the present dissertation attempts to explain the incidence of sickness and causes thereof in the jute industry of West Bengal, and suggest policy
measures, both preventive and corrective, to address the problems of this industry, to the extent possible.

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