

## **B.Com 2<sup>nd</sup> Year**

### **Planning and Economic Development of India**

Ghazala Shaheen

Guest Faculty

Department of Economics

Vanijya Mahavidyalaya

### **Large Scale Industries: Iron and Steel Industry**

#### **Introduction**

This is the second important textile industry of India after cotton textile industry. This industry existed in Bengal as handloom industry but the large-scale industry started in 1855 at Rishra, near Kolkata. In 1859, the first powerlooms were started in the same mill and the spinning as well as weaving was undertaken.

It was an export-oriented industry and it made rapid progress. The number of jute mills increased from 24 in 1884 to 76 in 1918-19 and to 112 in 1947. This industry suffered a great setback as a result of partition of the country in 1947 because 81 per cent of the jute output went to Bangladesh (erstwhile East Pakistan) while 102 out of 112 jute mills remained in India. Consequently, acute shortage of raw jute was felt in India because we could not get the same from Bangladesh due to our political differences with that country.

#### **PRESENT POSITION**

India and Bangladesh are among the leading producers of jute. In 2013-14, raw jute production in India stood at 2.05 lakh metric tonnes, while production of jute goods was 15.3 lakh metric tonnes. India exported jute and jute products worth approximately ₹ 1,593.6 crore during April-December 2013. Data shows the United States of America, the United Kingdom, Saudi Arabia, Germany, Egypt and Turkey were among the major importers of Indian jute.

The jute textile market in India is expanding in spite of rising competition from synthetic fibres. To push growth in the jute industry, the government of India passed a stricture that at least 90 per cent of the production of food grains and sugar should be packed in jute. Such attempts by the government to revive the jute industry have helped in the consistent growth of jute textile. Jute is predominantly used as a packing material in form of gunny bags but

jute fibre applications have a range of uses from home decor like carpets, to fashion accessories, geo-textiles and floor mats.

Jute is considered a unique and environment-friendly fibre. This natural fibre has made frequent appearances on fashion ramps, in regular as well as luxury apparel and accessory designs. Accessories like jute bags, stoles, shoes and hats have drawn applause from customers and designers as jute's strength and eco-friendly properties make it stand out from synthetic fibre. When combined with other fibre like cotton, linen, or wool, jute can be used to produce a delightful array of products.

With a ban on polythene bags imposed in many parts of the world, Indian companies have busied themselves shipping jute bags to Europe. The jute bag is also extremely popular in Hong Kong. With big jute mills manufacturing the bags, their production, which was hitherto mainly undertaken by micro and small enterprises, has picked up substantially in the last couple of years.

Currently, there are 83 composite jute mills in India. West Bengal leads the list with 64 jute mills, followed by Andhra Pradesh, which has seven. Bihar and Uttar Pradesh have three mills each. These mills contribute to a diverse range of jute products from gunny bags to home decor items including economical and eco-friendly twill bags, geo-textiles that do not allow easy water penetration, carpets and floor rugs.

## **PROBLEMS**

### **1. Effects of Partition:**

Due to Partition in 1947, the erstwhile good jute-producing areas went to the then East Pakistan which received 82% of the good quality jute growing tract India retained 95% of the mills. The resultant acute shortage of raw jute forced some of the mills to close down, some tried to import jute from neighbouring countries.

But due to hostile political relationship between India and former Pakistan this effort could not materialize. Government then tried to use Mesta as substitute of jute. Deliberate attempts were made to increase the jute- growing areas. Incentives were declared for the growth of jute instead of food-grain. This period has witnessed a clash between jute and rice cultivation.

Lucrative price of jute declared by Government of India, slowly attracted farmers to cultivate jute as cash crop. The new sown area under jute increased from 571,000 hectares to 942,000 hectares in the early eighties. The low-lying areas of West Bengal became the land of jute. Recently, stress was laid down to invent high- yielding variety of jute seeds like J.R.O.

### **2. Stiff Competition:**

Bangladesh, Sri Lanka, Thailand and China are recently posing grave threat to India in international export market. The net value of export is increasing day by day but India's percentage share in world production is gradually decreasing.

### **3. Low Yield Per Acre:**

India produces very low quantity of jute per unit of land. In fact, among the producing countries, Indian production is, perhaps, one of the lowest. In Bangladesh the average yield per hectare is 1.62 tonnes. It is only 1.3 tonnes per hectare in India.

The corresponding figure of jute production in China is 1.78 tonnes per hectare. In Taiwan, it is 2 tonnes per hectare. These figures indicate that there is ample scope to increase Indian productivity. Jute industry is basically raw material intensive. So, cost of raw material frequently determines the profit of the industry.

### **4. Higher Productivity:**

Due to obsolete nature of the machinery, output per worker is not satisfactory. Compared to other countries, specially Taiwan, Indian productivity per worker is one-third.

### **5. Substitute Materials:**

Jute production is very localized in the Indian sub-continent. Heavy dependence on erratic Indian jute supply forced the other countries to evolve substitutes of jute to check the Indian monopoly over jute goods. Some of the countries constructed their own jute mills where raw material is collected from Bangladesh. The West European countries, Japan and Korea have established jute mills of their own.

Some of them are using substitute products of jute as raw material e.g. Manila hemp and Kenaf fibres. Besides these, several attempts were made to use polyester fibres as substitute of jute. Paper and polyester bags are replacing cotton gunny bags very rapidly.

### **6. Modernization:**

most of these mills are having backdated machinery. Output of these machines are very low compared to the modern sophisticated machines.

Because of use of these for more than a century, productive capacity has gradually declined. The labour requirement in these machines are very high. In modern age, due to stiff competition, this large labour force is increasing the cost of production.

### **7. Government Protection:**

Since Independence, jute owners made several attempts to get different government subsidies. To overcome the hurdles, in 1989 the government also provided some package measures for modernization programme.

Applications were received from 36 mills, 14 were found worthy. So these mills got a sanction of Rs. 54.89 crores. Out of this amount, Rs. 43.29 crores was sanctioned for modernization and 6.19 crores for rehabilitation of the workers. A number of units were declared sick and a few others were nationalized.

## **CONCLUSION:**

Jute has become fashionable and trendy in modern day. With government effort and initiative it can be made more user friendly. It can bring in lots of foreign exchange to the government. It being bio-degradable is climate friendly as well.