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Analytical study of Industrial slowdown of Gangetic Plane with reference to East India

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Abstract: *The study aims at analysing the industrial scenario of Gangetic Plane in East India mainly in terms of Jute Industries. It has made an attempt to understand the possible reasons for the slowdown of jute industries across the bank of river Ganga in the downstream. The study has considered the data on the industrial installation over the years and tried to analyse the trend of Industrial slowdown. It has been understood that the main cause that has crippled the jute industries in lower Gangetic plane is the supply shortage of raw material, which is Jute fibre that was being historically imported from Bangladesh and with the revolutionary progress made by Bangladesh towards self-reliance in Textile sector, the Indian Jute mills kept facing supply shortage. Apart from this, the issues of timely upgradation of technology to cope up with the modern machinery has been an important factor for the receding Jute industries. The lower Gangetic Plane predominantly being an agriculture-dominated area, Industrialization in this area is mainly based on farm input. So, the sole reliance on comparative advantage and lack of diversification has plagued the industries to a greater extent. Besides Jute Industries, the confluence of the river Ganga had a paid homage to a port-based Industrial corridor named, Haldia. However, with rising number of ports in the surroundings and slowing supply of raw materials, the petrochemical industries in Haldia has been in a stagnant state if not diminished. Moreover, the political sentiment of Eastern Indian State of Bengal, Syndicates, Labour Unions, Strikes have affected the health industrial environment and hindered the industrial progress to a great extent.*

Key Words: *Jute Mill, Labour Productivity, Gangetic Plane, Hooghly Industrial Belt, Bangladesh, Obsolete Technology, Modernization*

1. INTRODUCTION:

The great Gangetic Plane stretches from Uttar Pradesh and runs through Bihar and Bengal up to the Bay of Bengal, along the rivers of Ganga, Bhagirathi and Hooghly. It is the most fertile region of the country and home to 40% of India's population. The region is also densely populated and depends on agriculture for livelihood. Traditionally from the colonial period, the abundance of fine jute fibre and affluence of water resources had contributed to the growth of Jute industry in this region. Jute mills have been flocking across the rivers, especially on the downstream, giving rise to the Hooghly Industrial Belt. Although, there were efforts made post-independence to diversify the industries in the region through Durgapur Steel-based Industry, Kalyani Manufacturing Hub and Haldia Petrochemicals, the Jute-based industries held the predominant share in the industrial mix.

Jute is the world's most abundant natural fibre and a cash crop having edge over others in terms of durability, paste resistance, low fertiliser requirement, easy blending with synthetic and natural fibre. India is world's largest producer of Jute fibre, just ahead of Bangladesh. It produced around 1.77 million tonnes of Jute in 2021-22. Jute fibres are mainly used in textile, packaging, insulation material, carbon powder etc. Indian Govt. had enacted Jute Packaging Materials Act in 1987 to maintain competitiveness of Jute Industries with synthetic packaging.

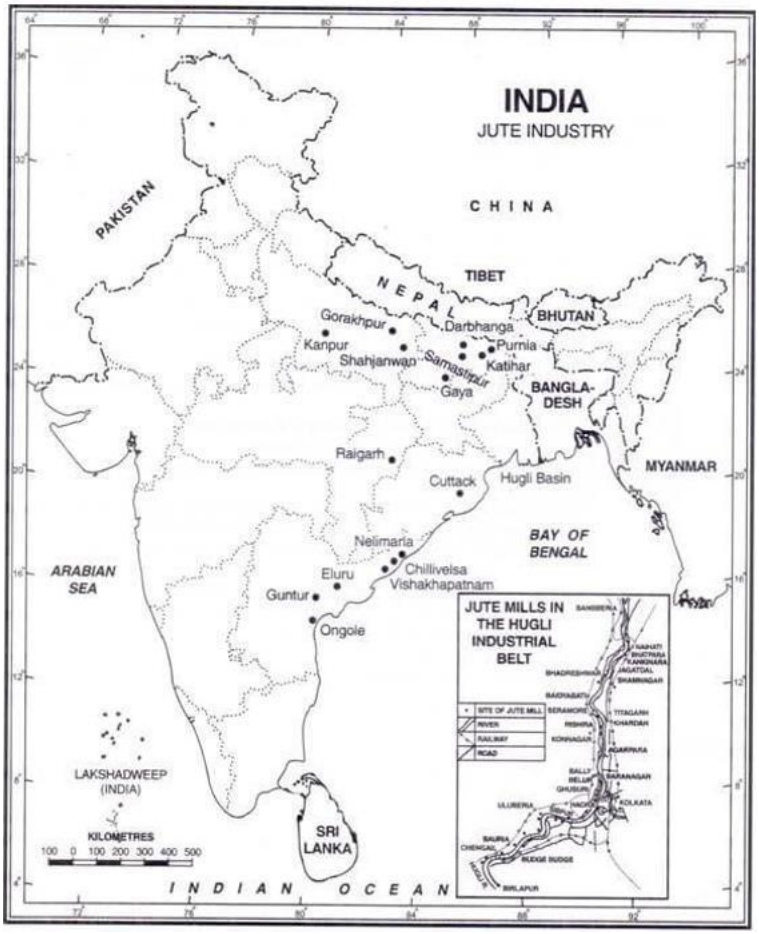


Figure 1: Distribution of Jute Mills in India

2. REVIEW OF LITERATURE:

Bagchi, 1972 stated that the yearly investment in the jute industries surged from the 1920s to 1930s during the colonial period. Employment in this sector reached its peak in 1929-30. A decline in labour absorption in the Jute mills has been observed since 1939. The investment in setting up new Jute mills and modernization of machinery was almost nil post-20 years of independence. However, the jute sector continued to employ a large number of workers being its nature of a labour-intensive industry.

Chakrabarty, 1989 Figured out that there was a decline in the profitability of the Jute mills after the 1970s. He put forward some probable reasons for that. Immense workload per worker diminished the labour productivity along with frequent strikes and union pressure cut the production level from the desired standard. After many Jute mills broke ties with the Indian Jute mills Association, there was competition among mills due to the lack of cartelization, which further lowered the profitability.

Sen, 1983 found that Almost 50% of the workers employed in the Jute mills of the Hooghly industrial belt were contractual in nature. Among the women workers, the proportion is even higher. Due to the lack of a formal employment structure, worker productivity tends to decline after some time. The workers were employed on a piece-rate basis, Due to which, the long-term retention of skilled workers for a particular mill was quite difficult. Also due to a shortage of equipment, more labour was employed to a limited capital, which further reduced the productivity of the capital employed.

Roul, 2009 viewed that the main competitor of jute products was polyethylene, which is a petroleum by-product and is non-degradable and non-renewable and creates a great environmental hazard. However, due to cheap cost and increased capitalization jute bags fell behind polythene-based packaging. Also, the Jute Industry failed to diversify its products shifting towards non-packaging materials. The failure to tap new markets in the face of immense competition in its native product segment also proved fatal for the growth of the jute sector.

Nanda and Ray, 1974 explained that Any industry needs to Replace its capital and upgrade the technology to sustain itself in the field. However, the Jute Industry in India has long suffered from absolute equipment and primitive

technologies. Still, it continued to survive for a long time due to cheap source of labour. It is necessary to modernize the technology to reap even better benefits from such a labour-intensive industry.

3. RESEARCH GAP:

After reviewing the research papers, following research gaps have been figured out.

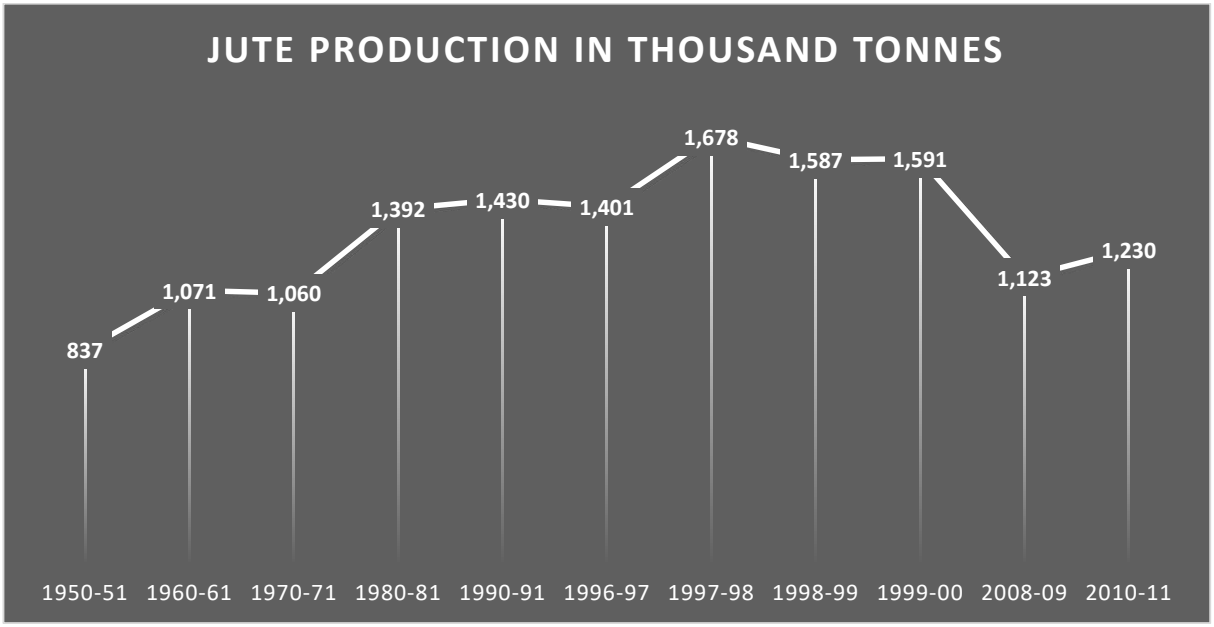
- The detailed cause of decline in the Industries in the Gangetic plane needs to be discussed.
- The trend of production, export and market demand of Jute fibres need to be focused.
- The distribution and functioning of industrial plants in the Gangetic Plane over the years should be discussed.
- The steps taken by the Govt. to revive the industrial scenario in this region needs to be highlighted.

4. OBJECTIVES OF THE STUDY:

- To look into the nature of industrial distribution and trend over the years across the banks of River Ganga in East India.
- To figure out the causes of Industrial slowdown in this particular region and explain the shortcomings underpinning.
- To analyse the steps taken by the Govt. so far and the prospective steps recommended to rejuvenate the industries in the region concerned.

5. DATA ANALYSIS:

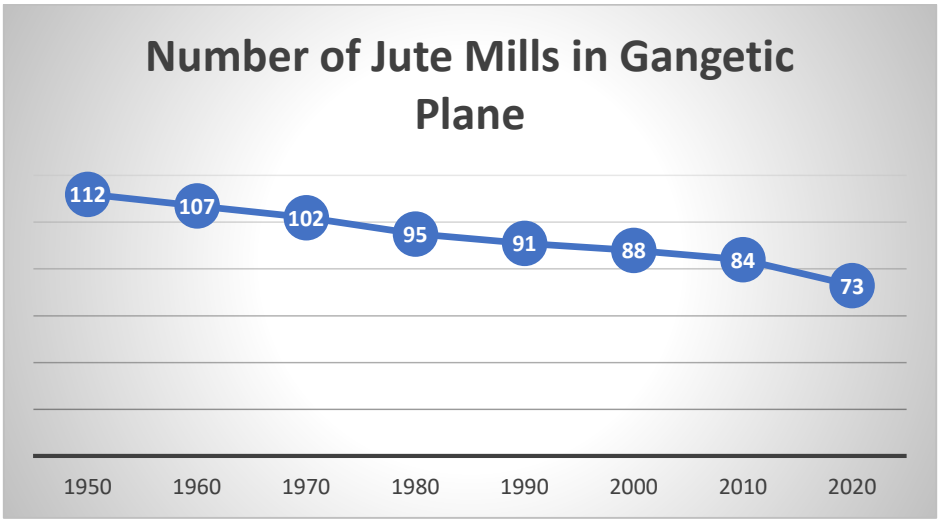
5.1 Trend of Industrial output of Jute Products:



Graph 1: Production of Jute in India

The Jute Industry in the Gangetic plane in India suffered a lot post partition as almost 81% of Jute fields went to the East Pakistan (Now Bangladesh), while India had almost 102 of 115 jute mills in 1950. This had resulted in an acute shortage of Raw material for the Indian Jute mills as they were heavily dependent on the finest Jute fibres imported from the East Pakistan. But the political turmoil between two neighbours made the supply of raw materials abrupt and subsequently caused the decline in Jute production. The above figure depicts the Jute production data, where the production figure was quite stagnant for the first 3 decades after independence. In fifties, where the Jute production stood at 837 thousand tonnes, it slightly picked up to 1060 in the seventies. Afterwards, it has shown some growth for the net two decades due to the easing situation driven by the measures taken by the Jute research institutes of India and improved relation with newly formed Bangladesh. The production reached its pick at 1678 thousand tonnes in 1997-98, although it fell to 1591 in 1999-00. The early decade of twenty-first century has seen a decline in Jute Production as the figure stands at merely 1123 in 2008-09 and 1230 in 2010-11. The slash in quantity produced can be attributed to the closure of Jute mills driven by the falling demands for the Jute products.

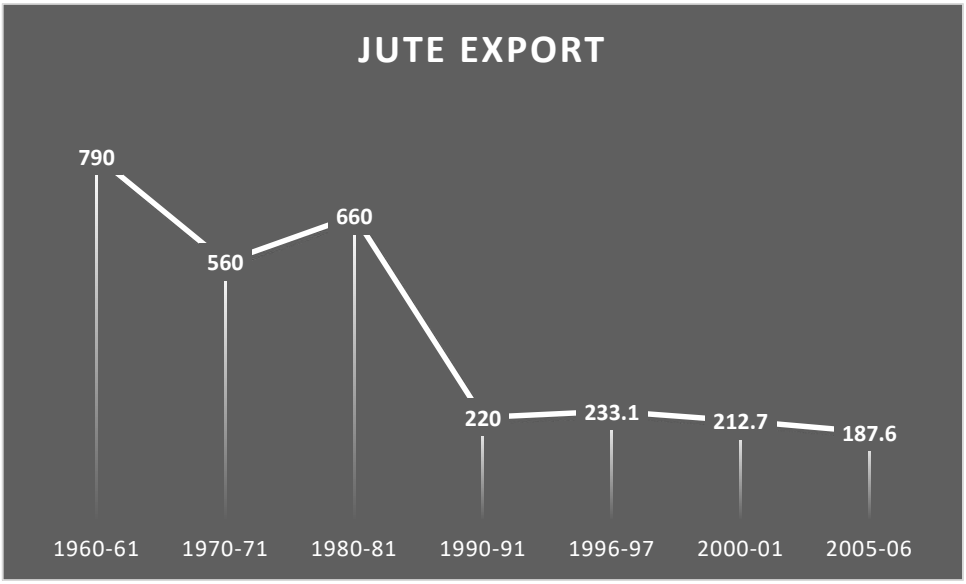
5.2 Decline in the Number of Jute Mills in India:



Graph 2: Declining Trend of Jute mills in Gangetic Plane

The above graph shows the decade-wise declining trend in the number of jute mills in India. Where there were 112 jute mills in 1950, it kept on declining up to 88. The graph shows a sharp decline post 2010 where almost 11 mills reported closure, most of which were situated in the Hoogly Industrial Belt. The mills, which are operating till now are reeling under the pressure of obsolete machinery and are on the verge of collapse.

5.3 Export Trend of Jute Products



Graph 3: Jute Exportsfrom India

As evident from the figure, Jute export sharply declined from 790 thousand tonnes in 1960-61 to 560 in 1970-71, which was followed by a slight increase to 660 in eighties. The Jute export sharply fell to 220 thousand tonnes in the nineties. Afterwards, the export remained stagnant over the initial years of twenty-first century. The export recorded a record low in 187.6 in 2005-06. The reason for the decline in export can be attributed to the shift in global market away from the Jute products towards synthetic-based Jute substitute. Indian Jute industries also had some issues with modernization that had resulted in loss of competitiveness over the revamped machineries and improved techniques adopted by the neighbouring Bangladesh. Also, the share of Jute fibres in the secondary textile products has also decreased in the face of synthetic fibres. Western world is rapidly achieving self-reliance in textile sectors and Indian Jute exporters face hurdle in market making.

6. CONCLUSION & SUGGESTIONS:

In the context of industrial slowdown in the lower Gangetic plane, there is the need of hour that some necessary measures should be taken to revive the industries in this area.

- Govt. should enforce the mandatory usage of Jute products for the packaging in domestic usage replacing the plastic and polythene-based products. Jute bags should be popularized among the logistics and packaging sectors to sustain demands for the Jute Industries.
- Riverine transportation should be developed to connect the industrial units of the river banks to the rest of the countries within and across boundaries. The development of National Waterways through the Ganga and Brahmaputra rivers is a well-curated strategy to boost trade and industries in this area.
- A holistic modernization plan should be put in place to rejuvenate the existing jute mills to cope up with the overseas competitors and raise the export standards to increase the market share of Indian Jute products.
- Over reliance on a single industry can be unsustainable for the industrial development of the region. Other alternatives should be figured out and the industries such as Haldia Petrochemicals should be focused more along with setting up of logistics hubs and port-based activities towards industrial restoration of the region. A strong political and public sentiment is also indispensable for industrial acceleration with a synergy with the agriculture which has traditionally been a comparative advantage of this region. The dairy and Agri-products, food processing, edible oil could be some viable alternatives for the industrial restoration in this region.

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