

## PRE INVESTMENT FEASIBILITY STUDY ON JUTE BASED INDUSTRIES IN **ASSAM & NORTH EASTERN STATES**



Submitted to :

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# EXECUTIVE SUMMARY

## TITLE OF THE STUDY

### JUTE BASED INDUSTRIES IN NORTH EASTERN STATES

Golden Fibre Industry has manifold technical and socio-economical advantages in packaging and technical textiles applications, which has yet to tap. Steady growth of jute diversification has benefited rural youth, consumers and new generation entrepreneurs. But much more actions are needed to explore the market potential of this versatile material in textiles and non-textiles fields.

Objective of the study was to understand the ground reality of the jute sector in Assam and other North Eastern States. NEDFi likes to know the feasibility of the jute based production unit and market potential of jute goods. A wide coverage of the study in terms of products, geographical and sectoral and market has been made and recommended the 1st phase action. Subsequent phases may be decided upon impact of the whole activities.

In **Chapter- II**, an overview of jute has been presented. Major emphasis has been given on jute agriculture, retting and fibre quality aspects. It has observed that Assam Government is proactive in jute agriculture and extending support under Central Government Schemes. Quite a number of retting tanks are functional and recommended to develop more number of common retting facilities. Central Government's Jute Technology Mission may be a major boost in improvement of fibre quality through modern retting methodology. Unless such schemes are in operation, Dr Debasis Gupta's (Former Jute Commissioner of Government of India) easy and rural method of retting may improve quality of fibres to some extent. Environment issues explored and found that jute cultivation helps mankind by absorbing 2.5 times more carbon dioxide while release more oxygen and enrich soil for next crop by bio-decomposition of roots, leaves etc. Jute retted water becomes clear and usable after a short period. Emission of methane and other biogases have pungent odour but not harmful. Jute Industry is pollution free and chemical processing need effluent treatment plant as per regulation. A large segment of products features have brought in the report for awareness.

International, national and North Eastern Regional production statistics presented for understanding and positioning the sector with other resources. In depth study of jute districts of Assam reveals that production and land under jute cultivation is on downward slide except a few which has reasonable growth. This downwards fall of raw jute production indicates scaling up of social unrest for livelihood. Analysis with experts revealed that nationally and internationally jute production has upward trend or maintaining status quo but downward fall of jute production in some districts and lesser quantity of better quality of production (TD3 and TD4) is due to non-availability of right price for better quality of fibre. As production of next year depends on previous years' price, farmers become reluctant to grow better fibre in larger quantity. Better price, local industries etc. are the major factors on which production of fibre depends. Therefore, promoting local industries is important not only on business point of view but also has socio-economic impact. In Tripura, a sea change in retting recommended otherwise, fibre production will fall and will be extinct in near future. The

lands under cultivation are gradually converted in uplands. Either the farmers will cultivate other crop or will opt for rubber plantation. Jute becomes then less important crop in Tripura. Meghalaya is not very important in jute agriculture activities. Only Garo Hills belt is growing jute and work with Assam.

To have better market opportunity, a marketing Organisation may be formed under venture capital for initial period and development of storing facilities and marketing arrangements in the yard of Regulatory Market may be considered. The regulatory market should be strengthened and new market maybe developed in jute districts.

In **Chapter- III**, status of the jute industry reviewed and scope of value addition presented. Explored local and national markets for traditional jute goods and estimated market for jute-diversified products. It has envisaged that Assam and Tripura may set up Composite Mills in limited manner and strengthen the existing Jute Mills. From domestic market requirement and present scenario of marketing jute-sacking bags, a careful approach has been taken. The open market mechanism may open up a wide scope of exporting traditional bags and dilution of JPMA shall improve bag demand, if the State Government is proactive.

Unlimited scope of jute diversification reveals that the whole N E region may initiate awareness workshop and organize trade fair in their home State Capitals. Jute geo textiles, Jute floor covering, shopping bags, home textiles, and blanket will have better market opportunity. Jute Handicraft will be a major product for entire nation, if the sector adopts quality assurance and little mechanization process immediately. World trade and national consumption pattern presented and found an overall upward trend in JDPs. Tariff and non-tariff barriers discussed and focus is for reduction on tariff on import duty, anti dumping duty. Some bilateral talks between India and import countries are called for.

In **Chapter- IV**, Industrial Policies and regulation discussed state wise. Much has been told in industrial policies. Translation of policy into reality for promotion of industry would definitely strengthen the State economy. An action plan may be drawn by the State Government to materialize the policy into action.

In **Chapter- V**, strength and weakness for promoting industry on jute-based products has been discussed. There is no stumbling block, which may hinder the promotional activities for jute-based industries. Rather, emotional involvement with this natural material takes this fibre a long way, if properly nurtured.

In **Chapter- VI**, product and sector wise demand and distribution of proposed units tabulated.

**Chapter- VII** and **Chapter- VIII** deals with demand of jute goods and assessment of human resources. It has felt that formal training in degree level and informal training on products and technology may be design with care and curricula should be up-date regularly. Supervision of Technical Institute will enrich the quality of training. Identification of investment opportunity and state wise allocation proposed. Some micro projects of NCJD included so that large number of women entrepreneurs may enjoy their livelihood easily with its own resources

**Chapter- IX** deals with action plan and recommendations. In recommendation following aspects were emphasized.

- Improvement of raw fibre quality and yield by adoption of technology and follow up.
- Development of fibre processing based Industry through rural unemployment youth. This is not prevailing but has very good future scope.
- More number of jute spinning unit should come first.
- Power loom Units and common facility center should be encouraged
- All SMEs should be in a cluster for sharing of electrical power.
- Handloom sector should be trained in use of jute yarn in home textiles.
- Large segment of urban youth and women should be encouraged to setup made up industry in clusters and may develop information technology infrastructure for the whole cluster to market their products.
- Aggressive marketing of jute diversified products and E-Commerce for made up units will improve business situation.
- Support for R & D / product development needed for continuous improvement and catchments of new market.
- Industrial wages should be standardized with work norms before much industrialization and separate legislation may be required.
- Quality improvement, assurance of quality of product and processes is a prime demand of customers.
- Technical training in different level is most urgent and need analysis has to be made by technical experts in the relevant field.
- Managerial training to educated professionals and encouragement of Technical Graduates through formal training is a felt need.
- Setting up of Powerloom Units by professionally qualified personnel and involvement of school drop out students, women and boys in made-up industries will be beneficial.
- Jute Mills in Assam need to reorient its process for higher production but vertical up-gradation is difficult for physical positioning of the mill campus.
- Tripura Jute Mills is in semi –operational stage. Government is keen to remove all legal battle and convert it into Jute Processing Park.
- Production cluster at Assam demands one Common Facility Centre immediately for survival of powerloom and handloom units.
- Eco-levelling of jute products and putting brand image in JDPs is the ultimate benchmark of Assam based jute Industries.

Success of Assam will be replicated in other states in future.