

Analysis of Jute Industry in West Bengal : Economics, Politics and Other Factors

History

Situated on River Hoogly, West Bengal was once the world's leading producer and exporting jute, also known as the "Golden Fiber". Cheap labour, the abundance of coal and easy port access made Bengal a favourable location for producing raw jute looms. Under the East India Company rule, the jute industry played an essential role in the foreign market and was mainly used to make ropes, cordage, gunny bags, etc. But due to the lack of technical advancements, there was a shift from importer to exporter of raw jute. Finally, by the late 1860s, Indian jute Mills began to use steam-run mechanical appliances. As a result, the industry's production boomed, and so did its demand. The significant inflow of profits in the 1870s led to the establishment of many mills around the river of Hooghly. Calcutta became the specialized world exporter of more delicate jute fabrics called burlap or hessian. At the same time, other competing countries started to work on developing varieties of this more delicate fabric which was already a hit in the market. By 1882, the employment of around 20,000 labourers depended on these mills. Bengal alone contributed to about 80% of the world's production and 70% of India's share.

The Indian jute industry boomed and brought along issues like overproduction and lower pricing, which substantially affected the industry's profits, causing a crisis, which was prevented and handled by The Indian Jute Manufacturers Association (IJMA), founded in 1884. This quasi-monopolistic organization tackled the problem of overproduction, dealt with the period of depression, helped overcome inter-mill rivalries and managed to keep the profits up. Time and again, IJMA played an essential role in dealing with the severe crisis of the industry, in subordination with the State government and the Jute commission of India.

Post-Independence (INC- Nehruvian/Socialism Ideology)

Post-independence, the very first day marked the initiation process of downfall for the jute industry. Center slashed Bengal's share of Jute export duty, which generated most of the state's income and employment. There were about **112 registered jute mills** in the country, out of which 101 were in West Bengal, with a capacity of about **1.2 million tons per year**, employing roughly **302,000 workers in Bengal**. **Five jute mills were shut down within a year**. In 1947, only **two third of the total production of jute arrived in the city**. **Prices hiked from Rs.16 (1945-46) to Rs.29 (1946-47) per maund**.

The 1951-52 elections outlined the play of action for post-independence politics where the Indian National Congress (INC) secured a clear victory with 150 of 238 seats; The Left or The Communist Party of India (Marxist) and the suitable alliance contested for runners up positions, where CPI(M) emerged as the first

opposition party. Post partition crises like communal conflicts, poverty, crop failures and **deterioration of the jute industry** were now tackled by the Congress as it began its 16-year run in the state. Little did they know, Congress's policy audaciously presented the picture of Bengal as a working-class or labour hub of the country and had every intention to maintain this status which was hampering the industrial roots. It was noted that Bengal's share of income tax receipts was **reduced to 12% from 20%** and was distributed to other provinces. Specific discrimination regarding the state was present in all senses, preventing the government from imposing State road taxes (octroi) or providing registration licences to a limited number of factors and mills. Compared to other states, minimal efforts were made to promote the export of the state's cash crop. Furthermore, it could be observed that in the **First five-year plan, Bengal's budget share was slashed**, while the combined percentage for Gujarat and Maharashtra increased.

Partition/Migration

Another outlook for India: Pak partition was the reallocation of refugees. Therefore in 1947, when the dissolution occurred, adjacent states had to face the consequences. East of Pakistan (now), a part of Bengal, comprised 81% of the jute plantations of the state. The tension between the countries affected the trade severely, import duties were imposed, and the quality of raw jute degraded vastly. As a resulting scarcity or shortage of natural jute produce occurred, unmet demands led to the hike in prices of this crop.

The partition of India and Bangladesh (then east Bengal) impacted the jute industry drastically, too, in 1971, as Dhaka was technologically evolving and making the process of extracting raw jute more cost efficient and providing cheaper jute in the world market. Growing demand for more affordable alternatives like plastic only worsened the situation. This was the same time when the industry was also at its peak with 85 factories and 350,000 workers, only to fall further.

8% of West Bengal's population were refugees, settled in districts surrounding the Hooghly river. These people mostly belonged to the lower working class and middle class and were educated; hence were an opinionated class that later on preached the communist ideology with the **rise of the Communist Party of India (Marxist)**. The ignorance of INC towards the refugee section of the state was evident in their refugee funds allocation for the state, and their lack of efforts towards deprivation issues, let alone the thought of development, only enhanced the state's sufferings.

Rise of CPI(M)

Under INC, the decline of the industrial estate of West Bengal was visible. From 27% of **the industrial gross output** contribution of the country in 1947 to 17.20% in 1960-61, **per capita income dropped from first to sixth** by 1966 and **literacy rates dropped** too.

During this time, existing British-era teachings of communist ideology were already engrossed amongst the lower middle class of the state, who were also the ones who suffered the most during the decade of INC rule. The Left or the communist party Marxist rose with the strong support of this class and with the **main agenda of land reformation** and improving the status quo of these people. Jyoti Basu and the Left opposed and targeted INC for decades for their ignorance towards Bengal as a party ruling in the centre and the state.

Thus, finally, in 1977, the Left came to power under the leadership of **Jyoti Basu (1977-2000)** and ruled for the next four decades. The party was supported by the state's labour class, working class and rural households for the initiatives it took for land reform measures and the renowned panchayat raj system, which was later adopted by the whole country. But the political play to stay in power led the state to a critical spot where it was under debt, and the industrial revolution was the solution against the traditional communist ideology. By this time, the centre **had introduced numerous labour laws** for the betterment of the jute and labour industry, and trade unions were still set up, but the implementation wasn't ensured in any way. In 1990, the jute labourers were deprived of PF, gratuity, ESI, and their wages amounted between Rs. 619-660. The jute industry faced numerous strikes for the demand for stable labour working conditions and wages. In 1978, 1981-82, 1992, 1997, 2000, 2001, 2002, 2003, and 2007, countless agitations took place, which resulted in the temporary closure of mills. In extreme cases, permanent closure also resulted in tension between the mill/land owners and workers and distrust between the two.

Ultimately, the CPI decided to strategize by **diversifying towards capitalism** for a change. Under Buddhadeb Bhattacharjee (2000-2011), the revolutionary step to invite IT infotech companies to set up their factories was taken, which could have impacted the state's economic growth immensely. But as usual, politics and development never go hand in hand. This time, Trinamool Congress (TMC), the strong opposing contender of the political power play in Bengal, played their hand under the leadership of Mamata Banerjee.

Some of the labor relating laws passed by the Central Government of India that directly or indirectly impacted the Jute Industry of West Bengal are:

ACT	YEAR	RELATING LAW
The Factory Act	1948	The act ensures that the workers have a safe, clean and healthy working environment. Facilities for sitting, first-aid,

		canteen, shelters, rest rooms, lunch rooms and crèches where women workers were present, which were absent in most jute industries.
Minimum Wages Act	1948	The Act was passed to prevent exploitation of laborers and to provide some sort of social security measures to a vast majority of working-class people employed in the unorganized sector.
The ESI Act	1948	The act applies to factories (except seasonal factories) employing 10 or more persons. It is a self-financing health insurance scheme for Indian workers. Main benefits under ESI Scheme are Sickness Benefit, Disablement Benefit, Dependents' Benefit, Maternity Benefit and Medical Benefit.
The Employees' Provident Funds and Miscellaneous Provisions Act	1952	It is an Act to provide for the institution of provident funds, pension fund and deposit-linked insurance fund for employees in factories and other establishments.
The Payment of Gratuity Act	1972	This Act is an important social security legislation intended to provide relief to an employee when he is no longer in service under his employer.
The West Bengal Workmen's House Rent Allowance Act	1974	The Act provides for payment of house rent allowance to a workman @ 5 percent of the wages during a month or Rs. 15/- whichever is higher. Even temporary, casual or permanent workmen rendering services for less than 6 days in a month are entitled to a pro-rata house rent allowance.
The Jute Packaging materials (Compulsory Use in Packing Commodities Act)	1987	Jute Commissioner procures jute (mandatory by the government) for packaging material in the supply and distribution of certain commodities, indirectly benefiting the jute growers and the mill workers.
The Minimum Support Price		MSP is a price fixed by the Government of India to protect the producer - farmers - against excessive falls in price during bumper production years.
The National Jute Board Act	2008	The Act also provides that the Board may take measures to (i) take steps to protect the interests of the jute growers and workers and to promote their welfare by improving their livelihood avenues and (ii) secure better working conditions and provisions and improvement of amenities and incentives for workers engaged in the jute industry.

Power play of TMC - Dawn of the Left

In 2011, **Mamata Banerjee** ended the 34-year rule of CPI(M) by getting the support of the lower and middle class once again with the same communist ideologies, only to call herself the "Real Leftist". Her decisive **anti-industrial stand and refusal to seize lands** for reforms filled her vote banks.

By this time, **15 more mills** were shut down after running in losses due to lack in demand (plastic alternative) and failure to pay salaries to their workers. It was noted that during Left government rule, the mills weren't granted the permit for closure, but 'didi' (Mamata Banerjee) didn't object to the same, causing **significant unemployment and further deterioration of the industry's state**.

Given Bengal's history, violent movements have been a critical element of pre- and post-independence. However, violent strikes by the Central and Jute trade unions were triggered by economic crises, hoarding of jute produced by the intermediaries, and improper implementation of remuneration laws were some of the critical issues of the jute industry under TMC rule. Count of **labour court** cases has been **piling up**. TMC, like every other political party in power, forgot its duties and focused on facilitating its stay in power. One such example is the Dunlop factory, where the government took control of the factory and failed to keep the functioning afloat. **Workers have been complaining of PF and gratuity payments due for many years!**

Current Scenario

The centre and state conflict are pretty evident in the current scenario. From blame games regarding the policies to organizing strikes for withdrawal of bills or capping amounts passed by the Textile ministry of India. Violent initiatives like mob lynching of industrialists, public property destruction and impromptu strikes demolish the industry.

Issues

Presence of go-betweens between farmers and mills creates the issues of hoarding and unjust increments in price.

* The government set the MSP for raw jute procurement at Rs. 4750 per quintal for 2022-23.

* Cap amount of Rs. 6500 per quintal for the final product, while the cost comes out to be Rs. 7200 per quintal.

- * **Lack of system regulations** to properly implement labour laws and de-hoarding measures.
- * **Need for diversification** in jute variety production, as per the demand in the market.

Conclusion

Presently, the jute industry employs about 3.9 lakh workers, with around 40 lakh families dependent on this industry. The official value of the Bengal Jute Industry is about Rs.100 crore. Still, with this extensive decline, the industry would cease to exist, and the extinction of the cash crop economy of Bengal would be ensured.

IJMA is inclined toward the implementation of the AHRCs scheme of the centre to build labour colonies. "The jute sector seeks government support to tap advantages under schemes like affordable rental housing complexes (ARHC), creation of a bank credit facilitation scheme for modernization, and funds for research and development," IJMA Director General Debasish Roy told PTI.

With more than 60 years of deterioration in the economic status of Bengal, first under INC followed by CPIM and currently TMC, the whole jute industry has lost its relevance and is barely hanging by a thread. The Center's efforts to revive the jute industry have been evident since 2014. From capping price to Minimum Support Price (MSP) to highlighting the issue in their manifesto-2021 for Bengal elections, promising a 1500 crore budget towards reformation and restructuring the jute industry, becoming the first party to bring a complete structured plan for the revival of this industry. This is also because around 80% of BJP supporters from the Bengal constituency are farmers and workers of these jute Mills. But ultimately, all the efforts go to waste in the name of politics. Meanwhile, the TMC government and centre government are busy with blame game policy all the while the situation in Bengal is becoming grim by the day.

Bengal urgently needs investment policy from the centre and state to reform the dying industry. Hopefully, the TMC government will someday understand the need for capitalist strategies and put the needs of people above the mere fight for power.

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