



EXPORT PERFORMANCE OF JUTE INDUSTRY IN INDIA – AN ANALYSIS

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Abstract:

Jute is popular for its ability to use in various forms in packaging and handicraft industry. The industry contributes greatly in the country's economy and has potential to propel the economy in coming years. Jute Textile Industry is one of the major Industries in the Eastern India, particularly in West Bengal. Jute supports around 40 Lakh farm families and provides direct employment to 2.6 Lakh Industrial Workers and 1.4 Lakh in the tertiary sector. The production process in the Jute Industry goes through a variety of activities, which include cultivation of raw jute, processing of jute fibres, spinning, weaving, bleaching, dyeing, finishing and marketing of both, the raw jute and its finished products. *So, Jute Industry is labour intensive and as such its labour-output ratio is also high in spite of various difficulties being faced by the industry.* Capacity utilization of the industry is around 75 per cent. Jute industry contributes to the export earnings in the range of Rs. 1,000 to Rs.1, 200 crore annually. The paper is an attempt to highlight production & export performance of Indian jute industry in India as well as highlighting the export scenario of Indian jute production in recent years. The study is based on secondary data and information.

Key Words: Growth, Export, Performance & Jute

Introduction:

Jute is a natural fibre widely known as the „golden fibre’. It is one of the cheapest and the strongest of all natural fibres generally known for its biodegradable and eco-friendly feature. India, Bangladesh, China and Thailand are the leading producers of Jute.

The jute industry has an important and special place in the Indian economy. Jute ranks next to cotton as the most important natural fibre. Jute industry is one of the important industries which have origin of the rise of modern industries in India. After more than 150 years, the jute industry is now challenged by competition from different substitute's products in global market. The recession in the international markets and low awareness among consumers about its versatility and eco-friendly nature declined the jute market internationally. Yet this industry still provides a livelihood to more than 250,000 mill workers and more than 4 million farmers families.

The industry faced a great setback after partition in 1947 because most of the raw jute cultivation area went to Bangladesh. Consequently, many jute mills in India had closed in between 1950 to 1980 because of shortage of raw materials.

There are always significant fluctuations in the area under jute cultivation in India. As the area of raw jute production coming down, as a result of it, production of raw jute crop is also fluctuating in recent years. The year to year fluctuations arise out of three factors namely, (a) fluctuation in rainfall during the sowing season, (b) the average raw jute prices realized during the previous jute season, and (c) the returns realized from competing crops during the previous season.

Hence, against this backdrop, an attempt has been made in this paper to study the production and export performance of jute industry in India, for the period of eleven years from 2005-06-2015-16. The export growth rate of jute products in India has also been analyzed.

Objectives of the Study:

- ✓ To highlight the growth of Indian jute industry during 1950-51 to 2012-13.
- ✓ To evaluate the overall performance of Indian jute industry focusing on production and export of jute goods during 2005-06 to 2015-16.

Methodology:

The nature of the present study is mainly based on secondary data. In order to attain the objectives of the study, relevant secondary data for a period of 11 years, i.e., from 2005-06 to 2015-16 have been taken for analysis. The relevant data have been analyzed by using the Average Annual Growth Rate (AAGR) and Compound Growth Rate (CGR) was to make an in depth analysis of the export potentials of jute industry and jute goods in India and to draw a meaningful conclusion.

Analysis:

Growth of Indian Jute industry: The following Table1 shows the production and export of jute in India from the year 1950-51 to 2012-13.

Table 1: Growth of Indian Jute Industry Quantity in '000 M. Tonnes

Year	Production	Export
1950-51	837.00	727.60
1960-61	1071.00	776.50
1970-71	1060.00	669.60
1980-81	1392.00	439.90
1990-91	1430.00	219.00
2000-01	1624.90	187.00
2010-11	1565.70	175.50
2011-12	1582.40	211.80
2012-13	1591.30	185.40

Source: Indian Jute Mill Association, Kolkata, India, Various Issues

It may be clearly seen from the above table that there are great variations in the production of jute and its exports. The production of jute increased from 837.00 M. Tonnes in 1950-51 to 1430.00 M. Tonnes in 1990-91, thereby recording a growth of 70.85 per cent in a span of forty years. However, production of jute has rose to some extent till 2000-01, after that a sharp decline had noticed in the production of jute in India. Moreover, export of jute has continuously declined since 1970s in which the export accounted for 669.60 M. Tonnes and it has came down to 185.40 M. Tonnes in 2012-13.

Growth of Jute Products Exports: Jute is considered mainly for packaging purpose in its early days. It is consumed mainly in the form of Hessian, Sacking and CBC. Production of jute goods since last decade has stagnated at comparatively higher level due to fall in domestic as well as in export market. The researcher used AAGR & CAGR for analysing the growth performance of jute products exports.

Average Annual Growth Rate: Annual growth rate is a useful tool to identify trends in investments. The formula used to calculate annual growth rate uses the previous year as a base.

Ending Value:

$$AAGR = \frac{\text{Ending Value}}{\text{Beginning Value}} - 1 \times 100$$

Compound Annual Growth Rate: The compound annual growth rate, or CAGR for short, measures the return on an investment over a certain period of time.

$$CAGR = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left(\frac{1}{\# \text{ of years}} \right)} - 1$$

The following table 2 shows the growth rate of jute products exports.

Table 2: Growth Rate of Jute Products Export

Year	Export (₹ in Crores)	AGR
2005-06	1186.24	-
2006-07	1055.16	-11.05
2007-08	1178.49	11.69
2008-09	1216.16	3.20
2009-10	859.46	-26.37
2010-11	1854.15	115.73
2011-12	2094.96	12.99
2012-13	1991.80	-4.92
2013-14	2121.95	6.53
2014-15	1813.81	-14.52
2015-16	1892.34	4.33

Source: DGCI &S, Kolkata

Average Annual Growth Rate(%) 8.87

Compound Annual Growth Rate(%) 4.34

It is clear from the above table 2 that the annual growth rate for jute products export each year compared to the previous year has shows high fluctuation. The annual growth rate has increased for the years.2007, 2008, 2010, 2011-12, 2013-14, 2015-16 with 11.69, 3.20, 115.73, 12.99 and 6.53 respectively. The period of 2010-11 has recorded the maximum annual growth rate for eleven years from 2005-06 to 2015-16 is 8.87 per cent which explains that there is anAverage Annual Growth Rate (AAGR) 8.87 per cent jute export every year. Compound Annual Growth Rate (CAGR) is the annualised average rate of growth between given years assuming growth takes place at an exponentially compounded. Here, it is used to determine the export trends of jute industry in India for 11 years. CAGR denotes that jute export grows every year at a compound rate by 4.34 per cent.

Findings:

- ✓ The present study is undertaken to understand the export of jute in India. The export of jute export was high in the year 2010-11 when compared to other years.
- ✓ The export of jute products achieved an Average Annual Growth Rate of 8.87% and Compound Annual Growth Rate of 4.34% over period of 11 years.

Conclusion:

The production and export performance has declined over the years and export of jute goods also has shown negative trend, which indicates that the demand of jute goods has declined in the international market over the years. Due to low production, higher cost and heavy competition from other substitutes to jute in world market has fallen down the demand of jute products in the global market. It has also been found that export of jute goods has increased during the period 2005-06 to 2015-16, it is because of Indian producers are able to produce good quality of products and at the same time they are not in a position to meet the domestic demand too. Therefore, in order to meet the demand of consumers Indian government and other agencies are bound to import jute goods from other countries.

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