CHAPTER II

REQUIREMENTS OF RAW JUTE AND MESTA

2.1. Requirements during the First Plan Period.—The industrial consumption of raw jute is largely dependent on the export demand for jute goods which, in turn, is governed by a number of conflicting factors. While in recent years the jute goods market has expanded appreciably, the variations in the industrial consumption of raw jute have been none too less wide. As a result of the Korean War in 1950 the demand for raw jute and jute goods increased considerably and the consumption of raw jute and mesta by mills in India during the first year of the First Plan-1951-52 amounted to about 61 lakh bales as against 56 lakh bales in the preceding year. This level of consumption could not, however, be maintained and with the disappearance of the Korean boom, the consumption of jute and mesta by mills dropped to about 57 lakh bales in 1952-53 and to about 55 lakh bales in 1953-54. The unsealing of looms and increase in the working hours of the mills from 42½ to 48 in 1954, however, resulted in an increase of jute goods production and the consumption of jute and mesta by mills increased significantly to about 63 lakh bales in 1954-55 and to more than 68 lakh bales in 1955-56. The following table brings out the total consumption of raw jute and mesta during the First Plan period:—

TABLE No. 1

Consumption of Jute and Mesta

(Lakh bales)

	I.J.M.A Mills (a)	Non-I.J.M.A. Mills (b)	Total Mills consumption	Village consumption (c)	Total consumption	Variations in stocks of Jute and mesta with Mills	Total requirements
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1951-52 . . .	55·81	4·99	60·80	1·00	61·80	+0·62	62·42
1952-53 . . .	52·01	4·46	56·47	1·20	57·67	+4·10	61·77
1953-54 . . .	50·55	4·33	54·88	1·50	56·38	—1·77	54·61
1954-55 . . .	57·51	5·12	62·63	1·90	64·53	—2·66	61·87
1955-56 . . .	62·92	5·25	68·17	2·30	70·47	+0·49	70·96

(a) Excluding figures of Gagalbhai, Kedarnath, Bharat and Nafar Chandra Jute mills.

(b) Based on returns received by I.C.J.C.

(c) Estimated.

2.2. It will thus be observed that the total requirements of jute and mesta during the First Plan period varied rather widely. During the first two years the mills' requirement remained stable but in the subsequent year, 1953-54, it slumped by about 12 per cent. During the last two years of the Plan period, however, the jute goods market broadened considerably and the requirement of jute and mesta increased rapidly to about 71 lakh bales at the end of 1955-56. On the whole, the consumption requirements of raw jute and mesta increased by about 14 per cent. during the First Plan period.

2.3. Requirements during the Second Plan Period.—In the present international situation it is rather difficult to estimate, with any precision, the external demand for jute goods during the Second Plan period. It is said that the jute goods are not being used quite as rapidly as they are being manufactured as the production and trade of those agricultural commodities, which are traditionally packaged in jute, has increased less markedly than that of other agricultural commodities.[1] Although the world trade in jute manufactures during the early post-war period has generally been much smaller than before the War, during the last few years it is catching up at a rather rapid rate. Final figures of world exports of jute manufactures for 1955-56 are not available, but there are indications that they have made significant advance over the previous years.[2] The world consumption of jute, which gives broadly an idea of the world demand for jute goods, has increased by about 45 per cent. over the last 10 years, *i.e.* from 84 lakh bales in 1946-47 to about 121·4 lakh bales in 1955-56.

2.4. World Demand for Jute Goods.—The various jute interests, particularly representatives of the IJMA and the Jute Fabric Shippers Association, whom we interviewed in Calcutta, feel that there is every reason to expect that the world demand for jute goods will continue to increase during the Second Plan period. Some of the representatives were rather very optimistic and hoped that with the increase in agricultural production in the world, the demand for packaging material will increase much more than what it had been during the last few years. The trade also seems to be quite confident that jute will be able to maintain, by and large, its position against other packaging substitutes. They feel that it will not be too optimistic to assume that during the next five years the world export demand for jute goods will go up by about 15 to 20 per cent. over that of 1955-56. It is interesting to note in this connection that a recent "FAO Survey of Markets, Manufacturing and Production of Jute" estimates that the container requirements of world may be no less than hitherto. It concludes, "With jute production and manufacture more broadly based in recent years, the price of jute container has become more competitive. There are few signs of any change in the price of fibre except in an upward direction and wherever container re-usage is extensive, there are now better prospects of jute retaining markets against the inroads of paper".[3]

2.5. India's Position in World Markets.—India occupies a premier position in the world trade of jute goods; her share in the total exports of jute manufactures during the last several years has been more than 85 per cent. She has also kept pace with the rate of increase in the world trade since 1950-51; the increase being more than 20 per cent. Of late, however, some other countries, particularly Pakistan, Japan and Brazil have started competing with India. The representatives of the Jute Fabric Shippers' Association, Gunny Traders' Association and others, however, feel that Japan and Brazil may not be regarded as our serious competitors, particularly in the case of Sackings in which we have the advantage of lower cost. The threat from Continental and Dundee mills is also not great.

[1] F.A.O. Commodity Series—Bulletin No. 28, 1957, p. 2.

[2] Ibid p. 3.

[3] F.A.O. Commodity Series—Bulletin No. 28, 1957, op. cit : p. 4.

Pakistan must, however, be reckoned as a formidable competitor in the coming years; she has the advantage of cheap and good quality fibre and modern mills. In the case of sensitive and quality conscious markets, *e.g.* U.S.A., Canada, etc., the threat to India's trade, particularly in Hessain, is all the more great since she depends on Pakistan for the supply of good jute for manufacturing special quality Hessian for these markets. On the whole, the world markets have become increasingly competitive and there is little ground to be complacent about our predominant position in world markets. Nevertheless, there is no reason to get unduly alarmed at the situation. The trade is confident, and we agree with them, that India will be able at least to maintain her position during the next five years. At any rate, our share in the world trade may not decrease. Indian market is still the cheapest and an increase of about 15 per cent. in India's export of jute goods by 1960-61 is regarded by practically all the people, whom we interviewed, as a safe assumption.

2.6. Internal Consumption of Jute goods.—The internal consumption of jute goods has also been increasing at a fairly rapid rate. During the First Plan period, the quantities of jute goods cleared for home-consumption by I.J.M.A. mills increased from 146.7 thousand tons to about 190 thousand tons, recording thereby an increase of more than 22 per cent. To this may be added the quantity of jute goods cleared for home-consumption by non-I.J.M.A. mills whose figures are unfortunately not available. The increased production of foodgrains and other agricultural commodities during the Second Plan period would entail a bigger demand for packaging material. The increase in population and rise in the standard of living during the Second Plan period would also result in the expansion of jute requirements both as containers and for house-hold and other non-packaging uses. The trade is, therefore, optimistic about a larger increase in the internal consumption of jute goods during the Second Plan period; most of the representatives of the jute trade felt that the increase in the internal demand would be at least 25 percent. This is a modest estimate and we are inclined to agree with it.

2.7. Total Consumption Requirements in 1960-61.—On the basis of the above assumptions, the total consumption requirements of raw jute and mesta by the end of 1960-61 would roughly be about 80 lakh bales made up as follows:

TABLE NO. 2

Consumption Requirements of Jute and Mesta in 1960-61

[Lakh bales]

	Actual consumption in 1955-56	Estimated Consumption requirements in 1960-61
1. Exports of jute goods (in terms of raw-jute and mesta) .	51·0	59·0
2. Internal Consumption of jute goods (including those cleared by Non-IJMA mills) in terms of raw jute and mesta.	14·5	18·5
3. Village consumption of raw-jute and mesta . .	2·3	2·3
TOTAL	67·8	79·8

2.8. Variations in Stocks and total requirements in 1960-61.—The above figures do not take into account the variations in the stocks of raw jute and jute goods with the mills. The actual requirement of raw jute would, therefore, vary from year to year depending upon the increase or decrease in the stocks of raw jute and jute goods in a particular year over the previous year. Thus, in 1955-56 the stocks of raw jute and jute goods with the mills increased by about 3.1 lakh bales (in terms of raw jute) and the total requirement of raw jute in that year was about 70.9 lakh bales as against the actual consumption of 67.8 lakh bales. The stocks of raw jute with the mills (including non-I.J.M.A. mills) at the end of 1955-56 were only about 10.9 lakh bales as compared to 13.1 lakh bales in 1953-54 and 14.9 lakh bales in 1952-53. The level of stocks in 1955-56 was, therefore, considerably low and the mills are likely to build up larger stocks during the coming years. We have discussed the question of reasonable stocks to be maintained by the mills in the next chapter and it seems to us that it will be safe for the mills to keep about 3 months' stocks with them, *i.e.* roughly about 15 lakh bales. The working of the jute economy during the current year, 1956-57, has shown that the mills have already increased their stocks of raw jute by about 3 lakh bales over those at the end of the last season. Allowing for the depletion in the stocks of jute goods which has taken place during the current season, the net increase in the stocks of raw jute with the mills would be roughly about 2 to 2.5 lakh bales. The remaining increase of about 2.5 to 3 lakh bales in the stocks of raw jute may either be spread over evenly during the next four years or it may take place at the end of the Second Plan period when the consumption requirements of raw jute will be considerably high. Thus, the actual requirements of raw jute in 1960-61 would be more than 80 lakh bales. We feel that while the actual consumption of raw jute by mills at the end of 1960-61 may be of the order of about 80 lakh bales, the requirements of raw jute in that year, allowing for the increase in the stocks of raw jute and jute goods, would be nearer 82 lakh bales.

2.9. Village Consumption.—In working out the above figures we have assumed an increase of 15 per cent. in the exports of jute goods and 25 per cent. in the internal consumption over the next five years. The village consumption at 2.3 lakh bales has, however, been taken as constant during the next five years[1]. It is not unlikely that with the increase in rural agricultural and industrial activities, village consumption of raw jute may go up and our estimate of the overall requirements of raw jute of about 82 lakh bales in 1960-61 may prove an under-estimate. Since, however, export demand for jute goods is unpredictable and subject to wide fluctuations, we feel that variations in the village consumption may be offset to some extent by variations in the assumed order of the export demand. In any case, it is perhaps better to err on the conservative side in this matter, specially as we have the Cushion of imports of raw jute from Pakistan to fall back upon. We do realise, however, that in some years the export demand may not increase as much as we have assumed and the internal consumption of raw jute may lag behind and may not show the increase assumed. It is, therefore, also likely that the actual requirements may

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[1] We have taken the current village consumption as 2·3 lakh bales, which is also assumed by I.J.M.A. The I.C.J.C, however estimates it at only 1·5 lakh bales. The estimate of 1·5 lakh bales is being used for a number of years and we think that with the increase in agricultural production in recent years and increased activity in the rural sector, the village consumption of raw jute and mesta would have also increased. It would, therefore, be more correct to adopt I.J.M.A.'s revised estimate of 2·3 lakh bales.

be below 82 lakh bales. On the whole, however, we feel that the present indications are that the demand for jute goods will go up and our estimated overall requirements of 82 lakh bales of raw jute at the end of 1960-61 may not be much wide off the mark.

2.10. Capacity of Industry to consume 80 lakh bales.—We should mention here, however, that while the I.J.M.A. agreed on the cautious estimate of 80 lakh bales of consumption requirements of raw-jute in 1960-61, some of the representatives of jute dealers and shippers were in favour of a higher estimate of 84 or 85 lakh bales, as they expected a larger increase in our export of jute goods as also internal consumption during the Second Plan period. On the other hand, one or two witnesses expressed some doubts about the capacity of the mill industry to consume even 80 lakh bales of jute and mesta. As a result of our discussions with representatives of the Indian Jute Mills Association and other experts we do not share this doubt about the capacity of our mill industry. With only 48 hours working in a week and a certain percentage of looms sealed, the industry consumed about 68 lakh bales of jute in 1955-56. If all the looms are unsealed and working hours are increased the industry can utilise, without much difficulty, 80 lakh bales of jute and mesta. Unsealing of looms itself will increase production by 12½ per cent. The present programme of modernisation of the mill industry is also bound to increase, to a certain extent, the consumption demand for raw jute. If necessary, a system of multiple shift working could be also resorted to. The real problem is not the capacity of the industry to consume 80 lakh bales of raw jute and mesta but whether there will be demand, both foreign and internal, for that much of jute goods, and once this is assured, we have no doubt the mills will be able to consume 80 lakh bales of raw jute, if not more.

2.11. Year-wise break-up of requirements.—It is obviously impossible to give a year-wise break-up of the estimated requirements of raw jute and mesta during the Second Plan period. But we understand that even our rough estimates will be helpful in as much as it will give a certain perspective to the problem and we have, therefore, ventured to give below our rough guess of the broad trend in this regard subject to the understanding that actual figures are bound to be very different in view of the great uncertainties which characterise the jute trade:—

TABLE NO. 3

Estimated consumption Requirements of Raw Jute and Mesta during the Second Plan period.

(Lakh bales)

	1956-57	1957-58	1958-59	1959-60	1960-61
Export of jute goods (in terms of raw jute & mesta)	51·0	53·0	55·0	57·0	59·0
Internal consumption of Jute goods (in terms of raw jute & mesta) . . .	16·0	16·5	17·0	17·5	18·5
Village consumption (raw jute & mesta) .	2·3	2·3	2·3	2·3	2·3
TOTAL	69·3	71·8	74·3	76·8	79·8

2.12. Variety-wise requirements of jute and mesta.—Precise information on the variety-wise requirements of jute and mesta for the production of different kinds of jute goods is not available. The Indian Jute Mills' Association supplied us the following rough break-up of the consumption of jute and mesta during 1955-56, on the assumption that the Indian crop amounted to 55 lakh bales:—

TABLE NO. 4

Variety-wise consumption of Jute and Mesta during 1955-56

(Lakh bales)

1. Indian Crop .		
White Jute (60%)		
Mid. (32%)	10·6	
Bot. (53%)	17·5	
X-Bot (15%)	4·9	33·00
Tossa Jute (20%)		
Mid. (60%)	6·6	
Bot. (40%)	4·4	11·0
Mesta (20%)		
Mid. (10%)	1·1	
Bot. (70%)	7·7	
X-Bot. (20%)	2·2	11·0
TOTAL CROP		55·0
Imports (1955-56 season)		
Imports of Pakistan jute.	8·20	
Imports of Pakistan cuttings	6·50	14·7

2.13. The Association has further stated that on the assumption that Indian crop will increase by 10 per cent. by 1958-59, the variety-wise requirements of mills will in that year be as follows:—

(lakh bales)

White jute	30·4
Tossa jute	14·2
Mesta *	15·9
TOTAL	60·5

2.14. There are two main varieties of jute goods which are being produced by mills in India—Hessian and Sacking. Hessian is the finer product which requires better varieties of jute and mesta while Sacking is the coarser product. According to the information gathered by us from the Indian Jute Mills Association and technical people working in the mills which we visited, the manufacture of Hessian requires on an average about 65% white jute (middles and bottoms), 15% tossa jute (middles) and 20% mesta (middles). The manufacture of Sacking and Other goods, on the other hand, requires about 35% white Jute (bottoms and X-bottoms), 10% tossa jute (bottoms and X-bottoms), 20% mesta (bottoms) and 35% cuttings or mesta (X-bottoms). The requirements of the various types of jute and mesta vary, however, considerably from mill to mill and are different for Warp yarn and Weft yarn. The above estimates are, therefore, no more than a very rough and general indication of the use of various varieties of the fibre. The proportion of Hessian out of the total production of jute goods is roughly 40%, while Sacking and other goods account for the remaining 60%. The use of mesta in the manufacture of jute goods is increasing every day. Even in the case of goods meant for American and some of the other fastidious markets, mesta is being mixed now-a-days with jute to a fairly large extent. The break-up of the requirement of the fibre in 1958-59 furnished to us by the Indian Jute Mills Association also reveals that the proportion of mesta to the total consumption is expected to increase from 20% as at present to more than 26%. We feel, therefore, that the rough break-up of the future requirements of different varieties of the fibre may be taken as 50% white jute, 25% mesta, 15% tossa jute and 10% cuttings. On this basis the consumption requirements of the different varieties of jute during the Second Plan period may be roughly estimated as follows:—

TABLE NO. 5

Variety-wise Consumption Requirements of Raw Jute & Mesta

(Lakh bales)

	1956-57	1957-58	1958-59	1959-60	1960-61
1. White jute	34·6	35·9	37·0	38·4	40·0
2. Tossa jute	10·5	10·7	11·1	11·5	11·8
3. Cuttings	6·9	7·2	7·4	7·7	8·0
4. Mesta	17·3	18·0	19·8	18·2	20·0
TOTAL	69·3	71·8	74·3	76·8	79·8

2.15. It may be mentioned that in the above calculations, requirements for variations in stocks have not been taken into account. As we have mentioned earlier, the stocks of raw jute with the mills are likely to go up during the Second Plan period and the overall requirements by the end of 1960-61 may be of the order of about 82 lakh bales. The variety-wise requirements of raw jute for stock purposes may be assumed to be of the same proportion as has been worked out above for consumption purposes.

2.16. Grade-wise Requirements of Raw-Jute.—A further break-up of these varieites into top, middle, bottom and X-bottom would be of little help for crop planning purposes. These are different grades of a particular variety of the fibre, which, in turn, depend partly on the retting facilities available in an area and partly on the skill used in extracting the fibre. In the absence of any reliable information in this respect, the information furnished by the Indian Jute Mills Association, as given in Table No. IV, which was confirmed by other representatives of the trade, may be taken as a rough break-up of the requirements of each variety of fibre, namely white jute tossa jute and mesta. On the whole, it may be assumed that the requirements of the various grades of the fibre during the Second Plan period would be about 34% middles, 54% bottoms and 12% X-bottoms.

2.17. The production of tops in India is very small (about 2%), and has been included in middles in the above break-up. It may be mentioned here that this is a rough break-up of the likely requirements of the various grades of jute and mesta during the Second Plan period. The actual requirements would of course depend on the nature of the export demand for jute goods. Thus, if the demand for Hessian increases relatively more for US markets, the requirements of middle grades of white and tossa jute would be more than those of other grades and *vice-versa*.

2.18. Requirement of Superior Jat Variety of Jute.—The most sensitive and quality conscious markets are those of United States and Canada and it is here that the danger to India's trade is the greatest from the growing competition of Pakistan which is producing superior varieties of jute. Our market for special bright Hessian in the U.S.A., in particular, is very vulnerable as at present India is not producing the superior jat variety of jute required for it in any appreciable quantity and consequently, she has to depend for its supply largely on Pakistan. While a small quantity of superior white jat variety of jute is being produced in Lower Assam and Tripura, we are short to the extent of about 50,000 to 100,000 bales of this variety of jute and unless special efforts are made to encourage its production in India, we will have either to continue to depend on Pakistan or, as may happen, in the long run lose our market for special bright Hessian. We were told, however, that there are a few areas in Lower Assam and Tripura where production of this variety of jute can be increased if a special effort is made and sufficient inducement provided. We have dealt with this problem in detail in the next chapter.