

CHAPTER IV

IMPORTS OF RAW JUTE

4.1. Imports since Partition.—Since Partition, India has been a net importer of raw jute. In the early years following partition, the bulk of Indian mills' requirements had to be met by imports from Pakistan—during the year ending June 1949, the imports amounted to as much as 45 lakh bales. These, however, dwindled to less than half—about 20·6 lakh bales—in the subsequent year owing mainly to the deadlock created by the non-devaluation of currency by Pakistan towards the end of 1949. A special short-term agreement was thereafter entered into between India and Pakistan in February, 1951 which provided for the import of 10 lakh bales of raw jute from Pakistan during the period February 1951 to June 1951. This agreement was further extended upto 31st August 1952. Actual imports during the three-year period ending June 1953 amounted to 25·77, 18·0 and 13·3 lakh bales respectively. Another agreement, for a period of three years, was signed between India and Pakistan in March 1953 under which India was to import annually 13 lakh bales of raw jute with the proviso that, should it become necessary, Pakistan would facilitate exports to India of even larger quantities upto 25 lakh bales. This agreement was again examined in the beginning of this year and a new three years trade agreement between India and Pakistan became effective from 1st February 1957. Raw jute has been included in this agreement as an item for export from Pakistan to India under special arrangements. The quantity of raw jute to be imported will be indicated by the end of September each year.

4.2. Actual imports of raw jute from Pakistan into India since Partition have been as follows:—

TABLE No. 11
Imports of Raw Jute from Pakistan

<i>Year ending June</i>	<i>Quantity (Lakh bales)</i>
1948-49	45·0
1949-50	20·6
1950-51	25·8
1951-52	18·3
1952-53	13·3
1953-54	14·8
1954-55	12·5
1955-56	14·7

4.3. It will be observed from the above table that during recent years, imports of raw jute have been of the order of 14 to 15 lakh bales. The maximum quantity imported since Partition was about 45 lakh bales in 1948-49, while the minimum was in 1954-55, when about 12·5 lakh bales were imported. During the current season, 1956-57, however, imports are expected to be even lower; till March 1957 only about 5 lakh bales were imported and according to trade estimates maximum of 3 lakh bales more may be imported by the end of the season. This marked decline in the imports during the current year is said to be due to prohibitive prices of jute and cuttings in Pakistan.

4.4. Besides the imports as indicated above, some jute has been available from other sources which is estimated by the trade at 2 lakh bales.

4.5. Variety-wise Imports.—Variety-wise details of imports of raw jute from Pakistan are unfortunately not available. The representatives of the Indian Jute Mills Association, Jute Fabric Shippers' Association and others estimate that of the total imports of about 15 lakh bales, roughly 6 to 7 lakh bales are of cuttings and the balance is of long jute. About 80% of the imported cuttings is of white jute, while the remaining 20% is of tossa jute. Of the long jute imported from Pakistan, about 25% is of middle grade, 60% of bottom grade and 15% of X-bottom grade. According to another estimate the import of cuttings is about 60% of the total imports while the balance is Habijabis (10%) and long jute (30%). These can be no more than rough estimates and in the absence of better source of information these alone can serve as a basis for our comments.

4.6. Import of Long White Jat Jute.—It will thus be seen that imports of jute are, by and large, of those varieties which are already being produced in India. This was also confirmed by all the representatives of the jute trade and mills whom we interviewed. The only quality of jute which the country is not at present producing, and a very small quantity of which is needed for the manufacture of special bright Hessian for U.S. markets, is long white jat variety. It is considered by some that climatically and agronomically it is difficult to produce this special variety of jute in India. On the other hand, some mill-owners and jute dealers feel that the jute grown in some areas in India e.g., Tripura and Haldibari area, compares favourably with jat variety of East Bengal in so far as strength of the fibre is concerned. The colour of Agartala jute is, however, a little darker and if this can be improved by better retting techniques, the requirements of this special fibre needed for producing bright Hessian can also be met internally. The total requirement of this special variety of jute is estimated at about 50 thousand to one lakh bales. The import of other varieties of white jute is not indispensable and our policy should be to restrict their imports to the minimum. This will also encourage indirectly the production of better grades of white jute in the country.

4.7. Import of Cutting.—The import of cuttings is preferred by the Indian mills mainly because they are relatively cheap. Except a small quantity of the cuttings of long white jat variety of jute, all the other types of jute of which cuttings are being now imported, are produced in the country. If our internal production of these varieties of jute increases, there is no reason why we cannot dispense with the imports of cuttings. We were even told that if the internal supplies of mesta are available at the same or at a cheaper price as cuttings from Pakistan, the imports of the latter could be considerably reduced. So long, however, as our supply falls short of the demand, import of cuttings of superior grades of jute would have to be allowed.

4.8. Jute Mills' Purchase Policy.—It is sometimes alleged that jute mills try to keep off the Indian market during the harvesting period in order to take advantage of the low holding power of the cultivators. As the harvesting period in Pakistan commences a little earlier than in India, the Indian jute mills, it is said, often play between the two markets and confine their purchases in the beginning to Pakistan markets where they can buy cheap. We have examined this allegation in another chapter. It appears to us that the figures of monthly purchases of raw jute by the Indian jute mills tend to

give some support to this allegation. The bulk of the purchases from Pakistan about 70% of the total purchase—is made during the months of June and November, while the substantial portion of Indian jute crop about 55% to 60% is bought by the mills after November and December. It must be admitted at the same time that a part of this practice is also due to the fact that Pakistan crop comes to the market somewhat earlier than the Indian crop.

4.9. Import Policy to be followed in Future.—The Committee had a frank discussion with the representatives of the mills and the trade on their need for importing jute and the possibility of staggering imports from Pakistan. The gap between the demand and internal supply of raw jute and mesta, allowing for stock variations, as estimated by us in the previous chapter, during the remaining period of the Second Plan, would be about 11 to 12 lakh bales in 1957-58, 9 to 10 lakh bales in 1958-59, 7 to 8 lakh bales in 1959-60 and 6 to 7 lakh bales in 1960-61. Our basic deficiency is of 50 thousand to one lakh bales of jat variety of white jute which is required for the manufacture of special bright Hessian for U.S. markets. Allowing for some other requirements of superior grades of white jute, our total import requirements from Pakistan of long white jute should not be more than 2 lakh bales. Larger imports of this quality may, in fact, be detrimental to our internal production. The balance of the deficiency—which will vary from year to year—may be met by imports of cuttings preferably of superior grades of jute. No other grade of jute should be allowed to be imported. Inferior varieties of jute, in particular, which we are ourselves producing in large quantities, should not be allowed to be imported.

4.10. Staggering of Imports.—Staggering of Imports is necessary to protect the interests of our cultivators. A complete ban on the imports of raw jute from Pakistan upto a particular month is likely to put the jute mills to very great inconvenience and loss. This may also not be practicable under the Indo-Pakistan trade agreement. We feel, however, that a policy of phased or staggered import would go a long way to correct some of the difficulties of the situation. We suggest, therefore, that the issue of import licences should be regulated by the Jute Controller in such a manner that the requisite quantity of long white jute, viz. 2 lakh bales, is imported largely during the months of July, August and September. The balance of the total import requirements should be of cuttings which should be broken up into two parts. A small quota of these may be allowed in the beginning upto September. No imports should be allowed thereafter till December when the internal supply position becomes more clear and most of the Indian crop is marketed. The balance of the import quota for cuttings may be allowed to be imported after December.

4.11. The staggering of imports will, in our opinion, be convenient to the trade also because the supply of cuttings in Pakistan in the beginning of the season is limited and it would be more advantageous for them to buy their requirements of cuttings late in the season. The total annual exports of cuttings from Pakistan to all countries is about 10 to 11 lakh bales, of which India accounts for more than 60%. Since India is the largest consumer of Pakistan cuttings and demand from other countries is limited, Indian traders should not lose anything by postponing their purchases to the end of the season.

4.12. Decision about Imports in every Season.—We would further suggest that in future the quantity to be imported from Pakistan should be

decided every season by the Ministry of Commerce and Industry in consultation with the Ministry of Food & Agriculture once in July for the interim quota and again in September/October for the final quota, in the light of supply position, while actual imports should be suitably staggered by the Jute Controller. The Jute Controller should ensure that the licences are issued separately for long white jute (of which as large a quantity as possible should be of jat variety) and for cuttings.

4.13. Need for Variety-wise and Grade-wise Classification of data.— The import quota of long jute as well as of cuttings each year will obviously depend on the production of the various varieties of raw jute in the country. In order to enable the Government to make an assessment of the demand and supply position every year, it is very necessary to collect variety-wise and, if possible, grade-wise production figures of jute and mesta on a regular basis. Similarly, the Jute Controller should maintain details of the variety-wise and grade-wise imports of jute and cuttings from Pakistan. The stocks of jute with the mills are at present not being classified according to varieties. We were given to understand, however, that the Indian Jute Mills Association plan to classify their stocks into long jute and cuttings from July this year. We would suggest that the Indian Jute Mills' Association may be requested to classify their stocks as well as purchases according to white jute, tossa jute, mesta and cuttings. If possible, these varieties may further be classified into different grades. The need for variety-wise and grade-wise classification of production, imports, stocks, etc., of jute is great and we can hardly over-emphasise the vital importance of these data for proper planning of production and import programmes.