



Promotion of Agro Based Industries in Assam With Special Reference to Jute:

KEYWORDS

Agro based resources, agro based industries, jute and jute based industries.

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ABSTRACT *The pitiful picture of the industrial development of Assam along with north eastern states already proves nothing is gained from so called 'policy of liberalization' or economic reform that has already passed almost two decades. Time has come to realize the economic backwardness and industrial backwardness of the state like Assam along with other north eastern states. Economic development is not possible without industrial development. In Assam large scale industrial development is not viable because it is capital intensive. In Assam growth of capital formation is very slow and low. Available manpower in the form of labour and organizer or entrepreneur and available agro based raw materials like jute, bamboo, cane, fruits, rubber, Assam can develop lots of agro based industries of all kinds. Development and expansion of MSME on the basis of agro based resources, Assam can also fulfil the twin objectives of national policy-inclusive growth and sustainable development.*

The paper is an attempt to focus how industrial backwardness of the state can be mitigated by utilizing available agro based resources like jute. The study is based on secondary data and is descriptive in nature.

Introduction:

Much has been expected from the introduction of the so called 'Economic Liberalization' as it is only 'an opportunity' to come forward to learn from the experiences of others, to interact on a global scale, to build up our own strength to step up with world market economy. It was thought that following the path of liberalization economic growth can be stimulated by accelerating the production process in the form of export and import in the desired direction. Two decades have passed on. Though some degree of promotion on economic growth has been noticed during this period in national level, there are remarkable regional disparities in almost all directions.

India still remains on the list of underdeveloped countries. Agro-based economy, existence of disguised and seasonal unemployment in village economy, poor infrastructural facilities, inequalities in income distribution, open unemployment, wide spread poverty, wide gap between required and existing level of human development index etc are basic characteristics of Indian social-economic life. With 59 percent of working population agricultural sector already overcrowded. It is required to withdraw additional burden from land and to engage them in another productive channels.

Assam along with other north eastern states are industrially backward. In Assam growth of industrial sector is only 14.7 per cent during 2011-12 where as it is 34 per cent in agriculture and allied sector and 50.6 percent in tertiary sector in the same period. It proves growth rate in industrial sector in Assam is very slow compared to other two (Directorate of economics and statistics).

Preliminary analysis of the industrial growth in Assam considering MSME units:

The study is concerned with the development and diversification of jute and jute based industries as in the production of jute Assam occupied second position by producing about 713 thousand tonnes of raw jute. Prospects and promotion of jute based industries in Assam is enor-

mous. Nothing has been achieved in this field. 70 per cent of jute, produced by the state supplied to out of the state as raw materials to produce jute made products. The demand for jute has an increasing trend because jute made products are eco-friendly, 100 per cent bio degradable and protective to environment. Question arises in mind-why Assam has not been able to do much in utilization and diversification of jute and jute based industries like West Bengal? West Bengal occupying first position in jute production has 68 numbers of jute mill and factories of all kinds-large, medium, small etc out of 83+ numbers jute industries in India. Assam has only one full-flagged industry. It is at Silghat in Nagaon district.

Literature review:

The new industrial policy 1991 has opened the door for economic reforms in the form of dismantling industrial licensing system that are built over past four decades making easier to establish new enterprises to produce quality goods in a cost-effective manner, along with lots of reduction in trade restrictions. The policy has opened the door for reaching World markets for the products that are produced within the country. The states like Gujarat, Maharashtra, Tamil Nadu and Haryana have received an encouraging stage in balanced industrial development by expanding both large and MSME sectors. The growth achieved in the three sectors in Assam during this liberalization era are placed in Table no-1

Sectorial Composition of GSDP in Assam during 1980-90, 2001-02 and 2001-12 with National level of 2011- 2012

Table no.-1:

Sectors	1980-90 (in p.c)	2001-02 (in p.c)	National Figure
Agriculture& allied	42.1	34	16.2
Secondary	13.2	14.7	25.4
Tertiary	44.7	50.6	58.4

The above table reveals some degree of achievement during the liberalization era in the sectorial composition in GSDP in the state but they are all lower than national level.

India, that of Assam needs industrialization. The number of industrial units established in a region itself signifies the scenario of the sector of that place. There were no immediate increase in growth rate in investment which was 24.04 per cent during 1985-90 and 25.70 per cent during 1992-97 of GDP, the first five years of reform period of India. During 2007-12, it becomes only 36.7 per cent owing GDP growth at 7.9 per cent during the same period.

Haphazard industrialization threat to environmental degradation. Besides, people are now much more concern about green purchase (Sarumathi, 2014). They like to purchase eco-friendly products. Jute-made products are eco-friendly and hence bear a good future market. Thus there is a growing and ready market waiting for the jute-made products. About 70% of total jute production of Assam goes to other states as raw materials through the hands of middlemen. In spite of having potentialities, Assam has not been able of doing much for the development and diversification of jute produce and establishment of jute based industries.

It was observed by Dr. P. Goswami in her book that with the production of jute, it is adequate to establish at least one jute mill in each province(or district) of Assam. Thus contract farming in jute can change the rural economy by promoting agro-based industries with the help of Govt or private or private, public partnership basis. Introduction of MSME through Govt initiatives can solve the problems like unemployment, poverty, inequalities in income distribution between rural and urban economy and the problems like 'emergence of insurgencies' which root cause can be ascertained as joblessness.

Thus there is immense need to study the industrial backwardness of the state and to find its fruitful solution considering eco-friendly development and environmental protection.

Objectives of the Study are

- 1) To study the post liberalization scenario of industrial Development in Assam.
- 2) To study the number of agro based industries in Assam considering four major jute producing districts.
- 3) To give suggestions to promote MSME utilizing agro based resources available in the regions.

Methodology:

The study is based on purely secondary data and are collected from various sources of publications and the Journal published by North eastern Development finance Corporation 'NEDFi Databank Journal on District Profiles-Assam' 2013.

Findings:

It is very upset to observe when raw materials are available, human resource is abundant in the form of labour and organizer or entrepreneur, market is ready, then why Assam is remained stagnant in developing agro-based industries like jute.

Present Industrial status of four major jute producing districts in Assam regarding MSME are given in Table no.2. The table depicts the number of MSME registered during

2010-11 and 2011-12

Table-2

Districts/ State	2010-11				2011-12			
	Mi-cro	small	Me-dium	Total	mi-cro	small	Me-dium	total
Darrang	32	3	0	35	53	1	0	54
Barpeta	52	0	0	52	31	2	0	33
Goalpara	20	0	0	20	33	1	0	34
Nagaon	152	12	0	164	63	7	0	70
Assam	1341	162	3	1506	1073	132	32	1218

Source: NEDFi Databank Journal on Districts profiles-Assam 2013

Among these industries, the number of agro-based industries established during 2010-11 is given in Table no. 3

Table: 3,

Number of Agro-based industries in four districts of Assam in 2010-11

Table no. 3:

Name of districts/State	No. of agro-based industries
Darrang	9
Barpeta	3
Goalpara	4
Nagaon	45
Assam	221

Source: NEDFi Databank Journal on Districts profiles-Assam 2013

The both Tables reveal the post liberalization scenario regarding industrial set up of Assam in four major jute producing districts. Among these agro-based industries, no information has been obtained of the establishment of jute based industries. Establishment of jute -based industries in the state can also modify the jute- marketing as there prevails lot of controversies and depressions regarding prices received by farmers. The main marketing channel of jute disposal is middlemen. The diverse interest of farmers and middlemen makes farmers' ultimate loser. Diversification and utilization of jute within the state can reduce or remove exploitation by middlemen.

With 7.9 per cent growth rate, 33.8 per cent rural poverty (according to Planning Commission, 2009-10), India exhibits uneven growth and development. All process of development are made ignoring the poorer section of the society. The economic reform that was built during 1991 was not different from this notion. All reform were built in favour of 'heavy industries' which were mostly capital intensive. Reduction in restriction on import quota have made import easier for machinery items. Lowering restriction on imported technologies, Indian industrialists are in favour of employing machines in place of man.

So establishment of large and heavy industries did not have much impact on rise in employment as well as income of the poorer. Therefore in India, there is high inequality in income distribution. In rural India, 80 percent of asset are owned by 30 percent of population and 10 percent share only 0.1 percent of asset.

Effective policy or reforms yet to be made to establish new industries on the basis of locally available raw materials and to encourage the exist cottage one by private or pub-

lic sector initiatives.

Various Schemes implemented for promotion of jute industry in the region:

Not only Assam, the whole north eastern region the best producer of jute. More than half million farmers are engaged in jute cultivation in this region. The government of India has laid down a number of Mission and scheme such as Jute Technology Mission under which Mini Mission 111 and 1V are implemented to move several projects in north east region. All projects are partially implemented. For example a scheme was implemented (2003) to construct at least one artificial Retting Tank to facilitate retting process in each jute producing districts in Assam and Tripura. But it is yet to be done.

The Jute Corporation of India has been functioning in the major jute producing areas to buy jute directly from the farmers to eliminate middleman's exploitation. Lots of other jute diversification schemes have been implemented, but not accurate measurement are available in this regards.

Conclusion:

In Assam, agricultural sector alone absorb 53 per cent of population while secondary and tertiary sector is only 22 per cent. Agricultural sector already gets saturation point in this respect. So scope remains in the creation of employment opportunities in secondary and tertiary sectors. The secondary sector includes all kinds of industrial set up whether big or small or cottage. In case of heavy or big industries, there arise the controversies of adopting choice of technique. But small and cottage industries are almost 100 percent labour intensive. Goods and services produced under small/ cottage industries have local demands at lower cost and price.

In Assam, among various agro based raw materials, jute is one such cash crops which can be utilized for making various diversified jute made products. In Assam, at present day context, the most emergence issue is to create job oriented economy or sector both in rural as well as urban areas. Secondary sector remains the most probable areas where lot of employment generation are there. Because primary sector already get overcrowded and in rural areas there are limited scope to expand tertiary sector.

India is a good exporter of jute and jute made products. The value of average export from jute made goods is estimated at Rs11456 million per annum.

So there is a greater scope for Assam to earn foreign exchange by catching opportunities offered by the policy of reform and occupy foreign market by exporting jute made diversified products. To achieve this, only requirement is government initiatives and plans and policies.

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