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India's Jute Sector: Golden Fibre, Sustainable Growth and Diversification Challenges in the Rural Economy

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Recent Developments:

- India remains the **world's largest producer of raw jute** and the leading producer of jute goods, accounting for about **75% of estimated global jute-goods production** as of July 2026. In FY 2025-26, India produced **76 lakh bales of raw jute** and **12.80 lakh MT of jute goods**, while exporting 1.71 lakh MT of jute goods worth ₹3,155.27 crore.
- The Third Advance Estimate for 2025-26 places combined **jute and mesta production at 94.03 lakh bales**, compared with 88.02 lakh bales in 2024-25, indicating an increase in overall production.
- The Union Government fixed the **MSP for raw jute at ₹5,925 per quintal for 2026-27**, providing a return of 61.8% over the all-India weighted average cost of production and increasing the MSP by ₹275 over 2025-26.
- The Government has increasingly focused on **diversification, digital procurement, mechanisation, technical textiles and sustainable applications** to reduce the sector's dependence on traditional packaging and strengthen farmer incomes.

About Jute: The Golden Fibre:

Key Characteristics:

- Jute is a **biodegradable, recyclable and renewable natural fibre** characterised by rapid growth, relatively low production costs and wide availability, making it an important sustainable alternative to several synthetic materials.
- It is **strong, durable, breathable and versatile**, with applications in packaging, construction, agriculture, geotextiles, industrial textiles, apparel and lifestyle products.
- Jute also provides useful functional properties such as **thermal and acoustic insulation, high moisture absorption and low static generation**, which increase its suitability for diversified industrial applications.

Agro-Climatic Requirements:

- Jute is generally sown during **March-April** and harvested within approximately 100-110 days, requiring **hot and humid conditions with 700-1,500 mm rainfall**.
- The crop is predominantly **rainfed and cultivated largely by small and marginal farmers**, making productivity and income particularly sensitive to monsoon variability, input access and market conditions.

Historical Evolution of the Jute Industry:

From Traditional Fibre to Commercial Commodity:

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- Jute has been used in the Indian subcontinent since ancient times, with evidence of its use dating back to the **3rd century BC**, while its large-scale commercialisation expanded during British rule with the establishment of jute mills in Bengal.
- The **Partition of 1947** created a major structural disruption because nearly 80% of jute-growing areas went to East Pakistan, whereas most processing mills remained in India, producing a severe shortage of domestic raw material.
- The **Grow More Jute campaign of September 1949** helped increase raw-jute production from 6.7 lakh tonnes in 1951-52 to 14.56 lakh tonnes in 1961-62.
- The **Jute Packaging Materials Act, 1987** subsequently created a stable institutional market by mandating the use of jute packaging for specified essential commodities.

Present Status and Economic Significance:

Production and Market Position:

- India has retained global leadership in both raw-jute production and jute-goods manufacturing, with **West Bengal serving as the principal production and industrial hub**.
- In FY 2025-26, domestic consumption of jute goods stood at **12.05 lakh MT**, accounting for nearly 94% of total jute-goods production, while exports provided an additional international market.
- The sector supports **farmers, mill workers, transporters, traders, artisans and rural enterprises**, making it important for employment, regional development and inclusive growth.

Rural Livelihoods:

- Since jute is predominantly cultivated by **small and marginal farmers**, stable procurement and remunerative prices can directly influence rural household incomes.
- The sector also has potential for **women-led enterprises, handicrafts, micro and small enterprises and rural value addition**, particularly through diversified jute products.

Sustainable and Diversified Applications:

Jute Geotextiles:

- **Jute Geotextiles** are technical textiles used for **soil stabilisation, erosion control, road construction, river-bank protection and ecological restoration**.
- Their biodegradable nature allows them to support soil structure, moisture retention and seed germination while gradually decomposing into the soil, making them suitable for environmentally sensitive infrastructure.

Food, Healthcare and Lifestyle Applications:

- Jute leaves are consumed in parts of **Africa, the Middle East, Southeast Asia and Japan** and contain vitamins, carotenoids, calcium, potassium and dietary fibre.
- Technologies have also been developed for **antioxidant herbal drinks and healthcare products**, demonstrating the potential for value addition beyond fibre extraction.
- Jute can be blended with **natural and synthetic fibres** to develop apparel, furnishings, packaging and other higher-value products.

Major Challenges:

Declining Acreage and Productivity:

- Farmers may shift towards relatively higher-return crops such as **maize and paddy**, contributing to fluctuations in jute acreage; the area under jute declined to about 5.56 lakh hectares in 2025 against a normal area of around 6.60 lakh hectares.

- Low and uneven productivity, combined with inadequate mechanisation, limits the competitiveness of Indian jute against alternative fibres.

Fibre Quality and Retting:

- A large proportion of Indian jute belongs to lower grades such as **TD-3 to TD-5**, which are mainly suitable for conventional sacking rather than premium diversified products.
- **Retting**, the process of separating fibre from the plant stem, requires adequate quantities of clean water, and water scarcity can reduce both fibre quality and processing efficiency.

Climate Vulnerability:

- Erratic monsoons, floods in regions such as Assam and drought-like conditions can affect both **yield and fibre quality**, while climate change may increase the frequency and intensity of such production risks.

Dependence on Government Procurement:

- A substantial share of jute production continues to depend on government-mandated packaging, particularly for **foodgrains and sugar**, creating a stable market but also exposing the industry to policy and procurement-related risks.
- Excessive dependence on compulsory packaging can discourage innovation if mills remain focused primarily on conventional sacks instead of developing higher-value products.

Technology and Supply-Chain Gaps:

- The sector requires greater **mechanisation, digitalisation, quality testing, modern processing facilities and integrated supply chains** involving farmers, traders, transporters, mills and exporters.
- Expanding technical applications such as jute geotextiles also requires standardised specifications, testing facilities, technical awareness and skilled installation capacity.

Government Interventions:

Minimum Support Price and Procurement:

- The **MSP for raw jute is ₹5,925 per quintal for 2026-27**, representing a 61.8% return over the all-India weighted average cost of production. The MSP has increased from ₹2,400 per quintal in 2014-15 to ₹5,925 in 2026-27.
- The **Jute Corporation of India** remains the Central Government's nodal agency for price-support operations, with procurement losses, if any, reimbursed by the Government.

Jute Packaging Policy:

- The **Jute Packaging Materials Act, 1987** mandates packaging of **100% of foodgrains and 20% of sugar** in jute bags, thereby creating assured demand for the industry.
- However, long-term sustainability requires diversification because excessive dependence on mandatory packaging can expose producers and mills to changes in procurement policy and demand.

National Jute Development Programme:

- The **National Jute Development Programme** promotes productivity enhancement, farmer income growth, mechanisation and product diversification through initiatives such as **JUTE-ICARE and the Jute Diversification Scheme**.

- **JUTE-ICARE**, launched in FY 2015-16, promotes scientific cultivation, certified seeds, mechanisation, field demonstrations and improved retting practices, including convergence with irrigation and rural development programmes.

Digitalisation and Market Development:

- **JUTE-SMART** digitises the procurement and supply of foodgrain jute bags, improving transparency, traceability and efficiency in government procurement.
- The **Jute Mark India** initiative promotes authenticity, quality, sustainability and standardisation of jute products, while fairs and promotional activities help expand domestic and export markets.
- The **Jute Crop Information System**, using remote sensing and field data, supports near-real-time monitoring and assessment of jute cultivation, strengthening data-driven agricultural planning.

Way Forward:

From Packaging Dependence to a Green Value Chain:

- India should accelerate the transition from conventional sacks towards **jute geotextiles, technical textiles, sustainable apparel, blended fabrics, lifestyle products, healthcare applications and premium packaging**.

Improve Productivity and Fibre Quality:

- Greater investment in **improved seeds, mechanisation, scientific retting, irrigation support and farmer extension services** is necessary to raise productivity and enable Indian jute to compete in higher-value markets.

Strengthen Global Competitiveness:

- India should combine **branding, quality certification, digital supply chains, export promotion and product innovation** to convert its raw-material advantage into a globally competitive value chain.

Build Climate Resilience:

- Climate-resilient varieties, efficient water management, improved retting infrastructure, crop diversification and weather-based advisories can reduce production risks faced by smallholders.

Conclusion:

- Jute is no longer merely a traditional packaging fibre; its **biodegradability, recyclability, strength and versatility** position it as a strategic resource for India's transition towards sustainable production and reduced dependence on plastics.
- The sector's future depends on balancing **farmer incomes, industrial competitiveness, environmental sustainability and technological modernisation**.
- India can transform the Golden Fibre into a **green, inclusive and globally competitive value chain** by combining MSP support and assured procurement with technical innovation, diversified products, digital agriculture and export-oriented manufacturing.

Value Addition for UPSC:

Key Concepts:

- **Golden Fibre:** Jute, owing to its characteristic golden colour and natural lustre.
- **Retting:** Microbial process used to separate jute fibre from the plant stem.

- **Jute Geotextile:** Biodegradable technical textile used for soil stabilisation, erosion control and ecological restoration.
- **Core Policy Challenge:** Moving from **packaging dependence to diversified value addition.**

Mains Enrichment:

- **“Jute can convert India’s natural-fibre advantage into a circular-economy opportunity.”**
- The sector demonstrates how **agricultural livelihoods, sustainable materials, technical textiles and green industrialisation** can be integrated into a single value chain.