



Role of MSMEs in the Indian Economy with Special Reference to Jute Industries

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Abstract:

Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in the growth and structural transformation of the Indian economy by contributing significantly to employment generation, industrial output, exports, and regional development. As a labor-intensive sector, MSMEs promote inclusive growth by providing livelihood opportunities in rural and semi-urban areas. Within this framework, the jute industry occupies a distinctive position due to its agro-based nature, eco-friendly products, and strong linkages with small producers and traditional artisans. India is one of the largest producers of raw jute and jute goods, and a substantial portion of this sector operates under the MSME category. The jute-based MSMEs contribute to foreign exchange earnings through the export of diversified products such as jute bags, carpets, handicrafts, and geo-textiles.

With increasing global emphasis on sustainable and biodegradable alternatives to plastic, jute MSMEs have gained renewed importance. Government initiatives such as financial assistance schemes, cluster development programs, and policy support for sustainable packaging have further strengthened the sector. However, challenges including outdated technology, limited access to credit, market competition, and infrastructural constraints continue to affect productivity and profitability. Therefore, strengthening MSMEs in the jute industry through modernization, skill development, and digital marketing strategies is essential for enhancing competitiveness and ensuring sustainable economic growth in India.

Keywords: *Jute, Fiber Crop, MSME, Indian Economy, Startup, Skill Development, Digital Marketing.*

Introduction to Jute Industries:

Jute is the second important fiber crop of India, next to the cotton crop. Nowadays in the world, especially in the packaging industry, Jute is in great demand because of its cheapness, softness, strength, length, luster, and uniformity of its fiber.

Utility:

Jute is used for producing a huge variety of utility products like gunny bags, hessian, ropes, strings, carpets, rugs and clothes, tarpaulins, upholstery, and decoration pieces. In recent times, jute fiber is also used to manufacture men's shirting materials and women's sarees, salwar-kameez material, after undergoing a softening process of the fiber. Linen fabrics are nowadays introduced in the textile market of India.

Technique of Cultivating and Treating of Jute:

Jute is commonly sown in February on lowlands and in March-May on uplands. The crop takes 8- 10 months to mature, but different varieties take different times to mature. The harvesting period usually starts in July and lasts still the month of October.

The plants are cut to the ground and tied into bundles. Sheaves of jute stocks are then engrossed in flood water or ponds, or stagnant water for about 2 to 3 weeks for retting. High temperature of water accelerates the process of retting. After retting is complete, the bark is peeled from the plant and fiber is removed.

After this, stripping, rinsing, washing, and cleaning are done, and the fiber is dried in the sun and pressed into bales. All this process is to be done by human hand. The availability of plenty of labour at low-cost rates is very important. Coincidentally, this workforce is readily available because jute is cultivated in areas of high population density.

Production:

India agonised over a great obstruction in the production of jute because of the partition of the country in 1947, because about 75 per cent of the jute-producing areas went to Bangladesh (East Pakistan at that time). Providentially, most of the jute mills remained in India. Energetic efforts were made to growth of the production and area of jute, immediately after partition, to nourish our ravenous jute mills in the wake of the short supply of raw jute.

After this interval, the area under jute cultivation varied between 0.8 million hectares and 0.9 million hectares. The overall increase in jute production, despite the jute zone remaining the same, is principally due to the increase in yields.

The yield of jute almost doubled from 1,183 kg/hectare in 1960- 61 to 2,183 kg/hectare in 2003-04. This is a great achievement, keeping in view the geographical limitations under which jute cultivation can be carried on.

Besides, 0.5 million people are involved in raw jute and finished goods trading and ancillary activities. Currently, India accounts for about 66 per cent of world jute production as compared to only 25 per cent produced by Bangladesh.

R&D work carried out by the farming experts over the last few years has not only resulted in increasing the yield of the fiber but also in improvement of the fiber quality and shortening of the cultivation period.

Distribution:

1. West Bengal, 2) Bihar, 3) Assam

West Bengal is the acknowledged ruler of jute production in India, accounting for over four-fifths of the production and nearly three-fourths of the area under jute. Here hot and humid climate and alluvial, loamy soil, attached with cheap, abundant labour provide the par excellence conditions for the growth of jute.

Trade:

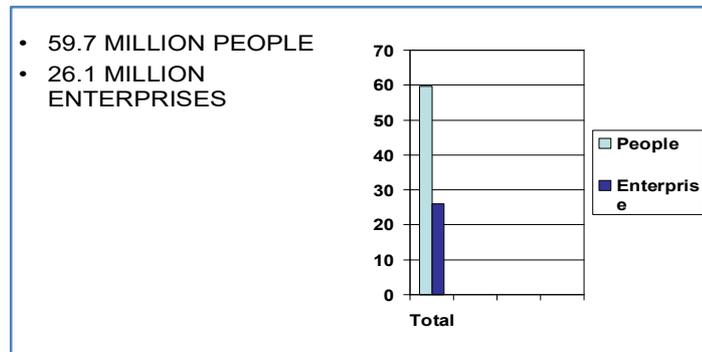
India's production of jute always falls short of its requirements, and it is imported to feed our jute mills. Bangladesh is the chief supplier of jute to India. There are year-to-year oscillations in the quantity and value of jute imported by India.

Being a natural fiber, jute is biodegradable and, as such, "environmentally friendly". The principal products can be reused and, as a result, many have a secondary value for other users. Despite such positive features,

the world market for jute has remained depressed. The major cause of such a situation is the growth of alternatives like plastic.

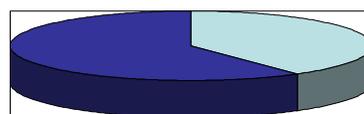
Analysis/Findings and Conclusion:

- The major advantage of the SME sector is its employment potential at a low capital cost. According to available statistics (**4th Census of MSME Sector**), the sector employs an estimated 59.7 million people in 26.1 million enterprises; labor intensity in the SME sector is estimated to be nearly four times that of large enterprises.



- There are 6000 products ranging from traditional to high-tech items, which are being manufactured by SME in the country.
- These sectors provide opportunities for both the employer and the employees, apart from those people belong to agriculture. It is evident from the facts that near about 50% of SMEs are owned by the disadvantaged group in society.
- About 40% of exports is estimated out of the total output of the Nation.

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- The Government has set up the Commissions and Boards to boost such enterprises, and the authorisation is provided to the Industrial Development Corporations at the State and District level. Various Package Schemes of Incentives in this regard are introduced under which such enterprises are exempted from payment of various indirect taxes like VAT, Octroi and Stamp Duties in the purchase of Fixed Assets etc.

Conclusion:

From the above discussion and evaluation, it appears that even though there are certain drawbacks, limitations, and disadvantages of the SME but these are compensated and outweighed by the significance, importance and advantages provided in the study, which mainly focus as follows:

- Boosting the economy of the nation in a real sense, which can be evident from the overall prosperity.
- The employment opportunities for both the entrepreneur and the labourers provide the motivational force of each segment of society.
- Having a substantial (about 40%) contribution to the total export of the nation. This helps the country to improve its balance of payments.
- There are about 6000 products ranging from traditional to ultra-modern items.
- From the above discussion and analysis, it appears that these enterprises are giving real competition to the large-scale production industries. Such healthy competition benefited the customers and society.
- These industries are contributing to the nation by way of direct and indirect taxes.
- The SME are helpful to accelerate the Gross Domestic Product of the Nation.
- The SME are assisting the Government to discharge the responsibility of the Government, and in response to this, the Government is also providing the facilities to such enterprises by way of various schemes in this regard.
- Though these sectors have direct competition with the large enterprises, and even though these SME have their limitations, we know that slow and steady wins the race.

Hence, in the present scenario, there is much scope for entrepreneurs in India where the Small and Medium Enterprises are more beneficial to the Society, Region, State or for Country to cope with the adverse effects of the worldwide recession.

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Citation: Bhuptani. Dr. B. C., (2026) “Role of MSMEs in the Indian Economy with Special Reference to Jute Industries”, *Bharati International Journal of Multidisciplinary Research & Development (BIJMRD)*, Vol-4, Issue-03(1), March-2026.