

**COMMITTEE ON PUBLIC
UNDERTAKINGS
(1977-78)**

(SIXTH LOK SABHA)

THIRD REPORT

ON

**JUTE CORPORATION OF INDIA LTD.
JUTE AND EXPLOITATION OF JUTE GROWERS**

(Ministry of Industry)



*Presented to Lok Sabha on 14-4-1978
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Third Report of the Committee on Public Undertakings (1977-78) on Jute Corporation of India Ltd - Jute and Exploitation of Jute Growers.

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(1977-78)

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to present the report on their behalf, present this Third Report on "JUTE CORPORATION OF INDIA LTD.—JUTE AND EXPLOITATION OF JUTE GROWERS."

In order to find out the true facts about the functioning of Jute Corporation of India, the Committee invited Memoranda from all sections of society having an interest not only in the operations of the Corporation but also in any aspect of cultivation or trade of jute/mesta and production and sale (including exports) of jute goods.

The Committee heard by way of formal evidence, the representatives of jute growers, some of the Members of Parliament representing the jute growing areas, representatives of Governments of all the jute growing States, representatives of the Ministry of Agriculture (including the Agricultural Prices Commission and the Directorate of Economics and Statistics), the National Seeds Corporation, the Indian Standards Institution, the Ministry of Finance, Reserve Bank of India, the Punjab National Bank, the Directorate of Enforcement, the Central Board of Direct Taxes and the Central Board of Customs & Excise, the Ministry of Industry, the Jute Corporation of India and others.

The Committee held as many as 30 sittings of about three hours duration each exclusively devoted to evidence concerning jute in order to ensure that first hand and reliable information was available to them.

Study Groups of the Committee paid on-the-spot visits to the jute growing areas in the deep interiors of all the jute growing States in the country and heard the cultivators of jute right in their fields, primary and secondary markets. Before such visits, repeated announcements about their proposed visits were made through the All India Radio and the Press, for the information of all concerned.

As the Committee propose to deal with various aspects of the problem in detail, the Committee have split the results of their examination into different reports. The present Report deals with the exploitation of jute growers by jute traders through manipulation of jute prices and extensive malpractice in jute grading, depriving the growers of practically any credit facilities.

The jute Corporation of India incorporated on 2nd April, 1971 started functioning on the 25th September, 1971. According to pronouncements of the Government at that time the primary object of setting up the Corporation was to ensure for the grower a better price than what he was getting by a process of elimination of the many tiers of intermediaries then

operating in the jute market. It was envisaged that in course of time the Jute Corporation would save the grower from the clutches of these middlemen by making arrangements to buy jute directly from the jute growers and by building up its direct relationship with them.

It is regrettable and most unfortunate that the influence of jute barons penetrated deep into almost every agency which mattered in the jute trade and industry, be it Indian Standards Institution (ISI), Directorate of Economics and Statistics, Agricultural Prices Commission, the Jute Commissioner's Office in Calcutta, the Reserve Bank of India and other Nationalised Banks, the policy-making bureaucrats and politicians perched in Udyog Bhavan, with the result that this primary objective set for JCI has remained only on paper.

The price policy of Government of India in regard to raw-jute has been patently tilted towards helping the jute mill owners at the cost of growers. This aspect of the matter has been dealt with in another Report in detail. The private traders mainly and invariably have indulged in various malpractices, such as downgrading of jute at the time of purchase, underweighment, unwarranted deductions on account of moisture etc. thereby depriving the growers even of benefits of the support price fixed by Government. **NEEDLESS TO SAY THAT THE JUTE GROWER HAS BEEN AND IS BEING DEFRAUDED AT EVERY STEP IN HIS ENDEAVOUR TO OBTAIN REMUNERATIVE AND JUST PRICE FOR HIS GOLDEN PRODUCE.**

The entire exercise by ISI in devising new grades of raw jute appears to be the exclusive show of IJMA. It is a matter of great concern that the jute traders, taking advantage of the poverty, confusion and ignorance of the small and marginal growers about the anomalous grading system, have been deceiving the growers while purchasing jute on "Grasat Basis" (in bundles of mixed grades of jute) and reaping huge profits.

It is regrettable that the jute growers who are most impoverished cultivators with hardly any other substantial source of income are continuously being ruthlessly exploited by the crafty jute industrialists, traders and their *dadandars* (people who pay advances against crops) and they are left to fend for themselves. It is a matter of common knowledge that the jute growers get almost no credit from Government agencies for inputs and subsistence and that they have to depend for this purpose upon private money lenders who charge abnormally high rate of interest (upto 200 per cent). This is known to one and all and the Reserve Bank of India and other concerned authorities have, in order to evade the issue, till date adopted a shuteyed policy. It is suspected that it is because of the fact that easy and liberal credit could have given the grower holding power which would **have made it difficult for the industry and trade to get jute at buyer's price that practically no credit is made available for the jute growers, not to speak**

of giving it at concessional rate of interest. The fantastic prosperity of a handful of persons (about eight families) behind the jute industry is solely because they are able to fleece the grower at their will and with impunity. The Government and the Reserve Bank of India, it is regretted, had been more or less only a silent spectator and abettor.

As the Committee have recommended, the Jute Growing State Governments will do well if they reproduce the Reports of the Committee on jute in local languages either for free distribution or for sale at a nominal price.

The Committee considered and adopted the Report at their sitting held on the 7th April, 1978.

NEW DELHI;

April 14, 1978

Chaitra 24, 1900 (Saka)

JYOTIRMOY BOSU,

Chairman,

Committee on Public Undertakings.

CHAPTER I

IMPORTANCE OF JUTE AND SETTING UP OF JUTE CORPORATION OF INDIA LTD.

A. Importance of Jute

Jute, the golden fibre, has played a very important role in the economy of India especially in the rural economy of jute growing States. Jute manufactures account for nearly 7 per cent of our total foreign exchange earnings through our export of all commodities. Over 2 lakhs of industrial workers are employed directly in the Jute Industry and about 20 lakh people earn their livelihood from secondary sectors of the Industry. About 40 lakh farmer families (of average five persons) of various States are engaged in the production of jute fibre. One person out of 5 in West Bengal is dependent directly or indirectly on jute for livelihood. The jute industry has, during the past decade, directly contributed to the national exchequer Rs. 200 crores in the form of export duty and Rs. 240 crores by way of excise duty.

1.2. Before partition of the country in 1947, the Indian jute industry enjoyed a virtual monopoly in the world jute trade. Its particular advantages were adequate supply of good quality of raw materials and availability of cheaper labour. But, after the partition, while a majority of the jute mills remained in India, about 75 per cent of the raw jute production (1.8 million acres out of a total of 2.3 million acres) went to East Pakistan, now Bangladesh. As a result, a part of the installed capacity of the jute mills in India became idle.

1.3. Against the pre-partition output of 6.5 to 7.5 million bales of raw jute (one bale is equal to 180 k.g.) production in India after partition fell down to 3 to 4 million bales during the fifties. It started picking up during the sixties when the raw jute production in 1961-62 was 6.3 million bales. There were wide fluctuations in the early sixties with the result that the figure reached in 1961-62 was not touched till 1967-68 and on the other hand the production fell down to 4.4 million bales in 1965-66. There was again some picking up upto 1967-68 but thereafter the curve has been

moving up and down and the position could at best be described as stationary, as will be seen from the following figures of production of raw jute and mesta relating to the years 1967-68 to 1975-76:—

PRODUCTION OF JUTE AND MESTA

(‘000 bales of 180 Kgs. each).

State	1967- 68	1968- 69	1969- 70	1970- 71	1971- 72	1972- 73	1973- 74	1974- 75	1975- 76	1976- 77
<i>West Bengal</i>										
Jute.	3,854	1,330	3,399	2,684	3,469	2,712	3,673	2,608	2,686	3,473
Mesta	349	214	337	384	354	234	365	271	172	
Total	4,203	1,544	3,736	3,068	3,823	2,946	4,038	2,879	2,858	
<i>Assam</i>										
Jute	1,049	779	1,082	937	1,138	1,010	1,136	825	723	704
Mesta	32	27	28	24	36	32	48	43	39	
Total	1,081	806	1,110	961	1,174	1,042	1,184	868	762	
<i>Bihar</i>										
Jute.	833	400	668	773	470	687	842	546	612	602
Mesta	195	80	125	171	99	149	201	116	136	
Total	1,020	480	793	944	569	836	1,043	662	748	
<i>Orissa</i>										
Jute.	362	290	315	328	380	382	401	333	291	405
Mesta	98	120	140	152	174	131	175	176	201	
Total	460	410	455	480	554	513	576	309	492	
<i>Tripura</i>										
Jute	92	45	57	65	68	58	49	50	45	37
Mesta	71	44	49	55	55	57	60	55	60	
Total	163	89	106	120	123	115	109	105	105	
<i>Andhra Pradesh</i>										
Mesta	386	271	278	296	309	418	438	524	569	
<i>Uttar Pradesh</i>										
Jute	132	88	86	103	102	88	79	75	46	81
<i>All India</i>										
Jute	6,320	2,931	5,655	4,938	5,684	4,978	6,220	4,471	4,440	5,347
Mesta	1,272	906	1,130	1,255	1,150	1,112	1,456	1,362	1,368	
Total	7,592	3,837	6,785	6,193	6,834	6,090	7,676	5,833	5,808	

Source: Directorate of Economics and Statistics Ministry of Agriculture and Irrigation.

(A. P. C. Report for 1977-78 Season).

1.4. India has been dominating the world jute scene by accounting for 30 per cent and 40 per cent respectively, of global output and export. However, the falling, or at best stationary, trends in production of raw jute have now posed a danger to our export performance of jute manufactures, in terms of quantity, as will be seen from the following figures pertaining to the last ten years:—

Exports of Jute Manufactures

Year	Quantity (1000 tonnes)	Value (Rupees Crores)
1965-66	900	288.0
1969-70	571	206.7
1971-72	671	265.3
1972-73	581	250.0
1973-74	563	227.5
1974-75	589	296.8
1975-76	516	248.3

(Economic Survey-1976-77 p. 104).

B. Setting up of Jute Corporation of India Ltd.

1.5. As stated earlier, the early sixties saw an upsurge in the production of raw jute. The jute growers, however, failed to get economic prices for their produce. Beginning with 1961-62 season, concerted action towards achieving the object of price stability in jute was initiated by the Government. The Jute (Licensing and Control) order, 1961 was promulgated under the Essential Commodities Act, and powers were taken, *inter-alia* to regulate the purchase and stock of jute with its mills. A Jute Buffer Stock Association comprising of all the jute mills was also formed with the aim of acquiring and maintaining a buffer stock of jute to preserve market stability and to contrin unhealthy price fluctuations. The Association made purchases in accordance with the instructions of the Government. In addition, the State Trading Corporation was also asked to undertake price support operations as a supplementary role. In 1969-70, the entire support operations were exclusively entrusted to the State Trading Corporation.

1.6. While dealing with the price support policy for the 1968-69 season, the Agricultural Prices Commission recommended, *inter alia* that the Government might consider the advisibility of charging some agencies with the standing responsibility for price support operations in raw jute and making it obligatory for such agencies to buy whatever quantities were offered for

sale at the minimum support prices at specified assembling points. Such a centralised purchase was thought necessary to ensure that market prices did not sag below the support price at any time. The Cabinet Committee on Food and Agriculture, at its meeting held on 19th April, 1968 considered the recommendations of the Agricultural Prices Commission and agreed to set up a Commodity Corporation for jute. This was reiterated by the Cabinet Committee at its subsequent meeting on 7 May, 1969 when it was decided that steps should be taken urgently to implement the decision taken in 1968. It was in this context that the Government of India decided that a separate Corporation should be set up for conducting price support as well as buffer stock operations which would ensure minimum prices to jute-growers and impart stability to jute price. Accordingly, the Jute Corporation of India Ltd. was incorporated on 2nd April, 1971 and was inaugurated on the 25th September, 1971.

C. Aims and Objectives of JCI

1.7. The main objects as incorporated in the Memorandum and Articles of Association of Jute Corporation of India Ltd. are as follows:—

1. To purchase jute and mesta grown in India and to sell and otherwise dispose of and deal in such jute and mesta.
2. To purchase, sell and otherwise dispose and deal in jute and mesta imported from outside India.
3. To export Jute and Mesta from India.
4. To generally implement such special arrangements for imports or internal trade or distribution of jute and mesta as the Central Government may specify from time to time in public interest.
5. To organise and undertake purchase, sale and transport of jute and mesta (imported into or grown in India) including such allied duties as may be entrusted to the Company for such purpose by the Central Government from time to time in India or anywhere else in the world.
6. To generally carry on business as exporters and importers of jute and mesta and exporters of jute goods.
7. To undertake processing of jute and mesta and manufacture of jute goods.
8. To undertake export of jute goods.
9. To support, protect, maintain, increase and promote export of jute goods by such methods as may be necessary or expedient, including market studies, sending out trade missions, opening foreign office, conducting propaganda and publicity in foreign countries.

D. Present Functions

1.8. It has been stated that at present the Corporation is concentrating on the marketing of raw jute including its import and export.

1.9. The Committee desired to know the reasons for abandoning the other objectives incorporated in the Memorandum of Association of the Corporation. The Ministry have stated in reply:—

“The Jute Corporation of India was set up with the main objective of ensuring fair return to the growers and in due course by assuming a commanding position in the raw jute trade. As envisaged at that time, the idea was to entrust it with the primary responsibility of all operations relating to price support as well as commercial purchase of raw jute. It was also contemplated that the entire import and export of raw jute would be handled by JCI. Some other objectives incorporated in the Memorandum of Association of the Corporation were included as enabling provisions so that, in case it was considered necessary to assign additional roles to the Corporation in the future, there would be no legal hitch in doing so. Because of the imperfections presently existing in the marketing structure of raw jute, it was felt that JCI should devote its immediate and primary attention to the task of ensuring a fair return to the growers.”

E. Main Objective of JCI

1.10. At the time of incorporating the Jute Corporation of India the Government of India issued a press note wherein the functions expected of Jute Corporation of India were indicated. In that Press Note, it was *inter alia* stated as follows:—

“A centralised agency with its judicious purchasing policy should be able to ensure for the grower a better price than he is getting today by a process of elimination of the many tiers of intermediaries now operating in the jute market. This will be the long term objective of the Corporation which should in course of time, save the grower from the clutches of these middlemen. In this endeavour, the Corporation will make arrangements to buy jute directly from the jute growers and build up its direct relationship with them.”

1.11. Again in their letter, dated the 9th August, 1972, addressed to the Jute Corporation, the Ministry of Commerce stressed *inter-alia* that:—

“It has been decided that price support operations to ensure against decline in jute prices below the levels of the minimum prices will be solely the responsibility of the Jute Corporation from

the current season onwards. The President is accordingly pleased to direct the Corporation under Article 139 of its Articles of Association to make all necessary arrangements to ensure this objective."

F. Examination By The Committee

1.12. DURING THEIR EXAMINATION OF THE SUBJECT, THE COMMITTEE HAVE PARTICULARLY GONE INTO THE QUESTION OF EXTENT TO WHICH THE GOVERNMENT/JUTE CORPORATION HAVE BEEN ABLE TO ACHIEVE THE MAIN OBJECTIVE FOR WHICH THE CORPORATION WAS SET UP. AFTER DETAILED DISCUSSIONS WITH THE JUTE GROWERS AND OTHER INTERESTS CONCERNED DURING THEIR STUDY TOURS TO THE INTERIORS OF THE JUTE GROWING STATES AND FORMAL EVIDENCE OF THE REPRESENTATIVES OF VARIOUS OFFICIAL AND NON-OFFICIAL ORGANISATIONS, IT HAS BECOME EVIDENT TO THE COMMITTEE THAT THE JUTE CORPORATION OF INDIA HAVE MISERABLY FAILED TO ACHIEVE THE MAIN OBJECTIVES FOR WHICH THE CORPORATION WAS SET UP, NAMELY TO ENSURE REMUNERATIVE PRICE TO THE JUTE GROWERS AND TO ELIMINATE THE MANY TIERS OF INTERMEDIARIES THAT WERE OPERATING IN THE JUTE MARKET.

1.13. The following main points have been repeatedly stressed before the Committee:—

- (i) Price policy of the Government of India in regard to jute is patently tilted to help the jute mill owners at the cost of jute growers. Prices fixed by Government have not only been unremunerative but have also been always much lower than the actual cost of production (including cost of reaching the primary market.)
- (ii) Even the minimum prices which are much below the remunerative level could not be ensured to the growers in all these years. Growers had to resort to distress sale as the Jute Corporation of India was unable to maintain the price level.
- (iii) Jute Corporation of India's command over raw jute trade is insignificant. It wholly operates in the secondary markets and has failed to reach the primary market. JCI makes all the purchases from the middlemen, though in some cases purchases are made through co-operatives but the co-operatives also behave like middlemen.

- (iv) JCI enters the market late in the season and does not give any publicity to its procurement programmes.
- (v) Jute traders and Jute Industry continue to hold the ever everywhere to manipulate price of jute to their advantage. Jute, therefore, continues to remain the golden fibre only for jute barons and magnates but for the vast masses of peasantry engaged in jute growing it is a "misery fibre."
- (vi) Due to non-availability of very essential credit facilities the jute growers continue to remain in the clutches of the merciles traders and money-lenders.
- (vii) The introduction of the I.S.I. grading system for jute and the fixation of minimum statutory prices for different grades have proved to be wholly to the disadvantage of the growers and immensely to the benefit of the mill-owners.
- (viii) Both the Private Traders and JCI indulge in various malpractices such as downgrading of jute at the time of purchase, underweighting, deductions on account of moisture etc., thereby depriving the growers even of the support price fixed by Government, thus becoming their worst exploiters.
- (ix) During the years from 1972-73 to 1975-76 JCI's back-to-back arrangements with the jute industry under which jute was sold to the jute mills on credit neither served the interests of the Government nor the country's economy, as it resulted only in outstandings from the mills for long periods.

1.14. Besides these, many other important matters have also come to light.

1.15. In view of the magnitude of the problems involved, and also to facilitate action on the suggestions of the Committee, the Committee propose to deal with the various aspects mentioned above in different Reports. In this present Report, the Committee propose to cover the exploitation of jute growers by jute traders, including manipulation of jute prices by jute traders and jute industry, extensive malpractices in grading of jute into different grades to defraud the growers and lack of credit facilities to jute growers, which compel them to go in for forward sales at much lower prices dictated by private creditors.

CHAPTER II

ENDLESS EXPLOITATION OF JUTE GROWERS BY JUTE TRADERS

2.1. It has been brought to the notice of the Committee that by and large the jute market is middlemen-oriented, (who are benamdars of jute mill owners and tycoons) and suffers from several imperfections. First, most of the jute growers, who belong to the weakest section of the society and live below poverty level, become easy prey to village money lenders and wholesalers to whom they are contractually obliged to sell their crop at prices dictated by them. Secondly, the growers market their fibre in bundles of mixed grades from and the grade composition of the fibre is grossly under-estimated by the buyers. Thirdly, weightment of jute is often manipulated to the disadvantage of the growers. Fourthly, several unauthorised deductions from weight and value are made and charges imposed. One of such deductions about which specific mention has been made relates to deduction on account of moisture and Ishwarbritti (subscriptions for so-called religious purposes).

2.2. West Bengal being the leading jute-growing State, the Committee requested the Government of that State to furnish information relating to malpractices that are commonly indulged in by the Jute. The reply furnished by that Government is reproduced below:—

“The Jute trade for the purpose of the question may be classified in the following 3 levels:—

- (a) Purchase by the village Fariahs from the growers.
- (b) Purchase by the Artdars from the village Fariahs, and
- (c) Purchase by the Jute Mills from Artdars (in some cases, through the Mill Agents).

Malpractices at the First level:

- (i) Since the Fariahs purchase jute in unassorted (garsat) form, they deceive the growers by quoting lower grade out-turn.
- (ii) The Fariahs charge ‘Dhalta’ i.e., they take some excess jute than the quantity actually paid for to make up for so-called moisture content etc. They also charge ‘Iswarbritti’ (for Puja).
- (iii) Sometimes, the Fariahs purchase on full or part credit. At the time of making payment or payment of the balance amount. the Fariahs give less to the growers on various grounds.

Malpractices at the second level:

- (i) The Fariahs sprinkle water on the morahs (loose bundles) and then take the jute to the Artdars.
- (ii) the artdars also charge 'dhalta' 'Iswarbritti' etc.
- (iii) The artdars also purchase on credit or make part payment to the Fariahs and ultimately, do not pay the total amount due to the Fariahs.
- (iv) The artdars also down-grade the jute purchased from the Fariahs.

Malpractices at the last level:

- (i) (a) No weighment is immediately made in presence of the Mill Agents or Artdars;
- (b) re-weighment, if demanded, takes a long time and involves good expenditure on the part of the party asking for it.
- (ii) The procedure prescribed in the By-laws of the East India Jute and Hessian Exchange on the basis of which inspection and settlement of claims of quality and condition of jute is made, serve the sole interest of the Jute Mills only. The prescribed Arbitrators are the Bengal Chamber of Commerce, which is an association of the Industrialists only.

Since, the powers for enforcing the provisions of the Raw Jute Control and Licensing Order are vested in a handful of officers and since, the private purchasers i.e., the Fariahs never grant any Seller's Receipt to the growers, there is no effective check against payment of price even below the minimum support price."

2.3. During evidence, the Jute Commissioner has also admitted the existence of elements of cheating in weighment and deductions on account of moisture.

The representatives of Jute Corporation of India have also, during evidence, confirmed the existence of deductions on account of dhalta about 5 to 6 per cent and also deductions on account of charges like 'Dharamkhata' (charity) 'Goshalakhata' (Protection of old Cows) and 'Ishwarbritti' (religious purposes) etc.

2.4. From the information made available to the Committee through written documents and during evidence, they feel that the following aspects relating to exploitation of jute growers require detailed examination by the Committee in this Report—

1. Manipulation of Prices by Jute Traders and Jute Industry.
2. Extensive malpractices in grading of jute to defraud the growers.
3. Total lack of credit facilities to jute growers.

The above aspects are accordingly discussed in detail in the succeeding paragraphs.

A. Manipulation of Prices by Jute Traders and Jute Industry

2.5. As already stated earlier, the coverage of the raw jute trade by Jute Corporation has been very insignificant. Jute Corporation of India could purchase only 9 to 11 per cent of the total production of raw jute during the last three years. It has so far set up 100 Departmental Purchase Centres some of which, on verification by Study Groups of the Committee, were found to be non-existence or just started in order to impress the Study Groups and naturally they were not in operation. In one case the room had not even been fully vacated by the earlier occupant whose books of account and many other things were still there. These Purchase Centres are totally inadequate to purchase jute and mesta directly from the growers. Even the very limited number of purchase centres that are there, are all located in the secondary markets, and purchases are made not from the growers but from the middlemen and, in some cases from the co-operatives.

2.6. On the other hand, the agents and agencies of private jute traders and jute industry are spread all over the jute growing States and even in the farthest interior villages. As a result, the private traders in jute are able to adjust the programme of purchases of jute from growers and to manipulate prices and other things in such a manner that they are able to procure the fibre at the cheapest possible rates. The jute trade thus operates totally in the buyers' market.

During evidence, the Jute Commissioner had also informed the Committee that the first mal-practice from the raw jute angle was that the mills having unlimited, unaccounted liquid cash corner the stocks.

2.7. The representative of the West Bengal Provincial Kisan Sabha has also stated in evidence that the "entire raw jute trade is allowed to remain under the speculative grip and the growers/peasants are being allowed to be robbed of." The witness has added:—"the industrialists, the businessmen, manipulate the prices of jute in such a way that prices go down and when the prices go down the businessmen and agents of industrialists act all of a sudden any try to mop up everything; they collect all the jute. Then when the prices go up, the growers find they have already sold out at lower prices. When businessmen get hold of the stocks, the prices naturally go up. The growers do not get the benefit. That is happening always in the jute."

2.8. In regard to the methods adopted by jute magnates to depress the prices of jute, an eminent trade union leader and ex-Member of Parliament (Shri Niren Ghosh) has also stated during evidence:—

"Every year before the arrival of raw jute in the market, employers engineer a crisis, sometimes they say that the preceding year

was a short crop year and so they resort to block closures or 12.5 per cent ceiling or lock outs and what not. Or, they would say, there is no market for jute goods and hence certain mills will be closed down and on some pretext they would close down the mills or declare lock outs. The only purpose is to depress the prices of raw jute; because most of the peasantry, barring a few big landlords and rich peasants are unable to hold back their stocks till the prices rise."

The witness has added:—

"the fact is that, since jute is an inflammable commodity, no grower can keep it in his house. Secondly, the growers are so much indebted."

2.9. The Government of West Bengal, in a note submitted to the Committee, have stated that jute Corporation of India has not been successful in maintaining stability in prices since the Jute Corporation of India does not procure jute as soon as the price goes up by Rs. 5/- from the minimum support price, the private purchasers manipulate the market in such a way that the Corporation's total purchase remains a minor fraction of the total produce. As soon as the minimum post-harvest season is over, the price starts gradually shooting up. By that time, most of the small and marginal producers have already disposed of their produce. The big farmers are compelled to sell on long-term credit. The difference between the minimum post-harvest price and the minimum pre-harvest price has varied between Rs. 50 to Rs. 100 per quintal during the last few years. This difference (benefit) has gone to private purchasers including the jute mills.

2.10. The Jute Corporation of India Officers' Association in their Memorandum has stated as follows:—

"The jute industry though professes the need for stabilisation of raw jute prices, yet do not hesitate even to flout the statutory minimum support price announced by the Government of India and manoeuvre the market through their own agencies and the middlemen who purchase raw jute in the agencies below the minimum support rates. Such purchases, however, do not figure in the books of accounts of either the mill agencies or the middlemen but the benefits of purchasing at a low price are shared between the middlemen and the industry. The industry, in turn, also do not show purchases of raw jute below the minimum rates in their books and the whole transaction of jute generates black money to a substantial extent every season. * * * * * This sort of transaction is not only unhealthy for the entire economy of

the country but also undermines the jute economy, in particular, since it deprives the cultivators of the economic price on one hand and weakens the competitive strength of the Indian Jute Goods in the international market on the other."

2.11. On the question of safeguarding the interest of the jute growers the Agriculture Commissioner, Government of West Bengal during evidence agreed that the cotton growers and the sugarcane growers and to some extent paddy and wheat growers had organised themselves and wherever they are well-organised they are not being exploited to the extent to which the jute growers who are not organised, are being exploited. According to him, the best safeguard for the interests of the jute growers will be a powerful organisation for themselves. He has added that the organisation should have some financial powers also i.e. access to the sources of credit etc.

2.12. In regard to the development of Co-operatives for raw jute in the country, the Committee have been informed by the Jute Corporation of India that the total number of co-operatives has risen from 19 in 1972-73 to 103 in 1976-77, as shown below:—

Number of operating Co-operatives

State	1972-73	1973-74	1974-75	1975-76	1976-77
West Bengal	11	34	50	53	58
Uttar Pradesh . . . . .	..	..	..	..	..
Assam . . . . .	..	1	..	..	..
Bihar	6	2	5	4	4
Tripura	1	50	37	39	31
		(Including 43 Loose* Jute Centres):	(Including 30 Loose Jute Centres):	(Including 32 Loose Jute Centres):	(Including 24 Loose Jute Centres):
Orissa	1	21	11	20	9
		(Including 11 Loose Jute Centres)	(Including 1 Loose Jute Centres)	(Including 10 Loose Jute Centres)	
Andhra Pradesh . . . . .	..			1	1
TOTAL	19	108	103	117	103

*Unbaled.

2.13. The purchase performance of the co-operatives as compared to the total production of jute in the country is shown in the table below:—

	Total Production of Jute and Mesta in the country	Total Purchases of JCI				Percentage of Jute purchased to total production		
		Through DPCs	Through other agents of JCI	Through Co-ops.	Total	Through DPCs and other agents of JCI	Through Co-ops.	Total %age
1972-73	60.90	0.59	..	0.30	0.89	0.97	0.49	1.46
1973-74	76.77	4.14	0.89	2.22	7.25	6.52	2.92	9.44
1974-75	58.33	3.80	..	1.81	5.61	6.53	3.09	9.62
1975-76	59.14	3.70		2.11	5.81	6.27	3.55	9.82
1976-77	70.85	5.69	0.05	2.39	8.13	8.10	3.37	11.47

2.14. As regards other measures the Committee have been informed that very recently (after the Committee had taken up the examination of the subject), the Central Government have issued two Orders, namely the 'Jute Control Order' and 'Jute Licensing Order' to bring about an equilibrium in the stock holding of different mills and also a discipline in the working of private jute traders who now compete with the Jute Corporation of India in the free market and indulge in all kinds of undesirable activities. The information furnished by the Ministry in respect of these Orders and their possible impact on the jute growers and the Jute Corporation of India is reproduced below:—

(i) **Jute Control Order.**—Jute Commissioner, by a statutory order dated 9th December, 1977 restricted the stock holdings with jute mills to a maximum of eight weeks' consumption, so as to bring about a more equitable distribution of the existing stock among the mills and to prevent closure of weaker mills as a result of cornering of stocks by the more well-to-do mills. The order was issued at a time when bulk of the raw jute had left the hands of the growers and as such it would not have had any significant impact on the growers. This is not likely to have any impact on the trading position of Jute Corporation of India.

(ii) **Jute Licensing Order.**—Under the provisions of the Jute (Licensing and Control) Order, the Jute Commissioner has notified that with effect from 15th March, 1978* the scheme of Licensing would come into force in respect of jute trade. Scheme of

*15th April, 1978 (as subsequently notified) as stated by the Ministry at the time of factual verification.

licensing will be applicable to all persons who carry on business in (a) Kutchha or Pucca bailing of raw jute, or (b) Kutchha or pucca baled jute involving in either case their purchase, sale or storage for the purpose of sale. These two classes of dealers would not be allowed to carry on business in raw jute unless they obtain licences under the Jute (Licensing and Control) Order, 1961. The various State Governments have been asked to notify the licensing authorities in their own States. The Jute Commissioner enjoys concurrent power to issue licenses."

2.15. At the level of State Governments, the jute growing States have enacted legislation for establishment of regulated markets. In Assam recently 4 market Committees have been formed and it has been decided to organise more and more regulated markets to cover the entire jute growing region of the State. In Bihar, out of 155 jute markets, 69 have been brought under the regulation and market committees have been set up. In Orissa almost all the important jute markets have been brought under the market regulation. In West Bengal, where the Act has recently been passed, about 20 markets have been brought under regulation. In Andhra Pradesh regulated markets in mesta are in existence for quite some time and in Uttar Pradesh and Tripura 1 market each has been brought under regulation.

2.16. IN REGARD TO FUNCTIONING OF THESE MARKETS, THE JUTE CORPORATION OF INDIA HAVE STATED THAT THOUGH REGULATED MARKET ACTS HAVE BEEN PASSED IN ALMOST ALL THE JUTE GROWING STATES AND SOME STEPS HAVE BEEN TAKEN IN THIS DIRECTION TO BRING MORE AND MORE MARKETS UNDER THE REGULATION, IT IS FOUND THAT EVEN WHERE THE REGULATED MARKETS HAVE BEEN ESTABLISHED AND MARKET COMMITTEES SET UP, THE WORKING OF THE MARKETS IS STILL FAR FROM SATISFACTORY. IN MOST OF THE MARKETS THE REQUISITE FACILITIES OF STORING, BALING, GRADING, TRANSPORTATION, ETC. ARE NOT AVAILABLE. PROPER FEEDER ROADS, MARKET YARDS, AUCTION ARRANGEMENTS ETC. ARE ALSO YET TO BE ORGANISED IN THESE MARKETS.

2.17. The Committee note that on account of the very limited activities of the Jute Corporation of India in the field of purchase of jute and absence of will on its part to go to the succour of the poor exploited jute growers, the private traders, who are invariably the agents/benamdars of the jute industry, continue to hold the lever for manipulation of prices of raw jute. The methods adopted for the purpose are stated to be declaration of lock-outs in the mills on one pretext or the other and consequent stoppages of purchases of raw jute in the market, as a result of which the market gets flooded and the prices and substantially depressed. Consequently, the jute growers, who come from the poorest class and do not have the capacity to hold their stock for want of finance, storage, capacity etc. have to resort to distress

sales at prices much below the minimum statutory price and considerably below their own cost of production. The Committee also find that one of the important reasons for development of such situations is complete lack of organisations to safeguard the interests of the jute growers.

2.18. The Committee find a few cooperatives of jute growers are working in some States, but inspite of improvements during the last five years, the number of co-operatives in jute in the country was only 103 in 1976-77 and their purchases worked, at their best, to a meagre 3.55 per cent of the total production of jute and mesta in the country during 1975-76. During the same year, the other purchases by JCI through their own DPCs worked out to 6.27 per cent of the total production of jute and mesta in the country. As such, over 90 per cent of the trade in raw jute continues to be in the hands of private traders which, in the opinion of the Committee, is a disastrous situation from the point of view of poor kisans. The Committee, therefore, suggest that the jute growers should be afforded all possible help, including finance, by the Central Government through appropriate channels to form their own co-operative societies in adequate numbers so that the sale of raw jute produced by the growers is regulated in a manner which would enable them to safeguard their interests and save them from exploitation by the private jute traders. Incidentally, the formation of such societies by the growers will also generate some employment opportunities in the rural areas.

2.19. The Committee note that in order to bring about discipline in the working of private jute traders who indulge in all kinds of undesirable activities, the Central Government have recently issued a Jute Licensing Order. While the Committee welcome such measures, they would urge that in order to achieve the desired results, Government should create adequate machinery to strictly enforce the provisions of such orders immediately.

2.20. The Committee also note that Regulated Market Acts have been passed in most of the jute growing States and steps have been taken to bring more and more markets under regulation. However, as stated by Jute Corporation of India, the working of these markets is still far from satisfactory and facilities like storage, baling, proper feeder roads, transportation, market yards and auction arrangements etc. are yet to be organised in these markets. The Committee suggest that the Central Government should ensure that immediate attention is paid to all these aspects to achieve proper growth of and improvements in functioning of the regulated markets.

B. Extensive Malpractice in grading of jute to defraud the growers

2.21. Before 1974-75, a system of grading of jute based on geographical location was in vogue.

In 1974-75 revised grade standard for raw jute was formulated on the recommendations of the Raw Jute Sub-Committee of the Indian Standards

Institution (ISI), which were introduced with effect from 1976-77. According to the revised gradation, raw jute was divided into 8 different grades, viz. TD-1 to TD-8 for Tossa and Daissee raw jute and W-1 to W-8 for white raw jute.

2.22. Both in written Memoranda furnished to the Committee and during evidence, it has been represented to the Committee that the introduction of the new I.S.S. grading system, has created confusion and the buyers of raw jute take fullest advantage of this confusion to the detriment of interests of the small and marginal jute growers who are mostly ignorant and unaware of the niceties of the gradation system. There being no scientific method available with, or education imparted to the grower to know the correct grade of his produce, brought for sale by him, it is the buyer alone who makes assessment of the grade to suit his convenience and fixes the price accordingly to the detriment of the grower. It has been alleged that such fixation of grades is always to the disadvantage of the grower who is invariably paid the price for a grade which is much lower than the actual grade of his jute. The same jute is thereafter sold by the purchaser to the jute mills under a higher grade and the jute Mills enter the same in their books under a still higher grade. As a result, the traders or middlemen, who are invariably agents of the mill owners, prosper by leaps and bounds at the cost of the poor grower.

2.23. A non-official witness, representing the jute growers, has stated during evidence:—

“The biggest lacuna that exists today is that the minimum statutory prices could be fixed only for different grades of jute. Now, to my mind, no farmer whether he is selling his goods to the Jute Corporation or selling it to a private person or selling it to a mill, is selling graded jute. The farmer brings the jute in ungraded form and the buyer whether he is a mill-man or the Jute Corporation makes an assessment and fixes up the price and as long as the farmer does not have the facility of getting his jute graded by an independent grader, he will never get the correct price.”

2.24. The Government of West Bengal, in a written note furnished to the Committee, have expressed their opinion about the gradation system devised by Indian Standards Institution in the following terms:—

“But the introduction of new ISI grading system replacing the traditional system has created confusion, specially in the rural areas. It may be that the Farias and Aratdars, by taking advantage of confusion and ignorance of small and marginal growers about

the new grading system, have been deceiving the small and marginal farmers while purchasing jute on 'Garsat Basis' (in bundles of mixed grades)."

2.25. During evidence, the Managing Director, Jute Corporation of India, gave the following background in regard to gradation of jute:—

"Conventional gradation of course is going on for a long time. It was found that in regard to jute of white variety there are about 20 different district areas where jute is separately named and these 20 areas again have 7 different qualities each. So there were 140 qualities found. Sometimes they went by this factor, that this jute belongs to Bihar and this grows in Saharsa and so it should get a low price. So, the Indian Standards Institution thought that they should standardise the gradation of jute. That is how after a series of meetings with various bodies connected with jute that this white jute could be confined to 8 grades W-1 to W-8. So the entire gradation has been reduced from 140 to 8. Then out of 8 grades, the first grade has been marked so high that it is not available and grade 8 is just rejection. So, in effect it is confined only to 6 grades."

2.26. Regarding the grade TD-1 the representative of the Indian Standards Institution has informed the Committee during evidence:—

"The grade TD-1 has been made out as an ideal grade for which we are aiming to get improvement in quality yield of the fibres and it is abundantly not available. But in a very selective way these grade TD-1 are there."

2.27. As to the method followed by the Jute Corporation of India for determination of grades at the time of purchase of Jute, the Officer on Special Duty, J.C.I. has stated during evidence:—

"AT THE POINT OF BUYING, WE GO BY HAND AND EYE ESTIMATION AND IN THIS PROCESS THERE IS SOME OVER ESTIMATION OR UNDER ESTIMATION. THAT IS BOUND TO HAPPEN IN THIS PROCESS."

The witness further stated:

"THE GROWER DOES NOT HAVE ANY KNOWLEDGE OF GRADING. WE SHOULD HAVE THE MACHINERY TO EDUCATE THE GROWERS ABOUT IT. WITH THIS KNOWLEDGE HE CAN GET BETTER PRICE."

The ex-Jute Commissioner (Shri S. N. Chakravartee) has also stated during evidence:—

"TO HELP THE GROWERS THE GOVERNMENT MUST DO SOMETHING ABOUT GRADING. THEY ARE REQUIRED

TO SELL THEIR UNGRADED JUTE AND FOR UNGRADED JUTE NOT THE ASSORTED JUTE ANYBODY COULD FIX ANY PRICE. SO UNLESS THE GROWER IS ASSISTED AND IS GIVEN THE FACILITIES TO GRADE THE JUTE BEFORE HE IS ASKED TO SELL, HE WOULD BE AT THE MERCY OF BUYERS."

The above quoted evidence has confirmed the Committee's apprehension that extensive cheating takes place through under-gradation of raw jute in primary markets.

2.28. In regard to the need for introduction of the system for gradation of jute, the Committee have been informed in a written note furnished by the ISI that any raw material obtained from nature cannot be uniform owing to different environmental factors and as such grading of such materials has been a practice followed in the trade for several years. It has been added that for the last 30 years, a system of grading of jute based on geographical location was in vogue. This being not scientific, it was considered expedient to evolve a grading system on the basis of physical properties. As to the quarters in which the evaluation of a new system of gradation was considered expedient, it has been stated that based on the need felt by the concerned interests, the Textile Division Council of the ISI set up a Technical Committee (TDC-3) Jute and Jute Products Sectional Committee in August, 1947 to formulate standards pertaining to jute and jute products.

The composition of the said Technical Committee has been discussed in detail in later paragraphs. It may, however, be stated here that the Technical Committee is overwhelmingly represented by the Jute tycoons.

2.29. The representative of Indian Standards Institution has informed the Committee during evidence that the question of formulation of grades of raw jute was initiated before 1969 and finalised in 1975.

2.30. The Committee also desired to know about the composition of the above-mentioned Technical Committee at the time of formation of the new grades and have been informed in reply:—

"The representation on the above Committee and its Sub-Committees responsible for the formulation of standards IS-271-1975 Grading of white, tossa and daisee uncut Indian Jute are given below:—

Organisations	Interests represented
1. Office of the Jute Commissioner, Calcutta (Ministry of Commerce)	Official.
2. Export Inspection Council of India, Calcutta. (Ministry of Commerce)	Official.

Organisations	Interests represented
3. Directorate General of Food (Ministry of Agriculture.)	Official.
4. Ministry of Agriculture.	Official.
5. Agricultural Marketing Adviser to the Government of India, Faridabad.	Official.
6. Jute Technological Research Laboratories (ICAR) Calcutta	Technical.
7. Indian Jute Industries' Research Association, Calcutta.	Technical.
8. Superintendence Co. of India (Pvt.) Ltd. Calcutta..	Technical.
9. Ministry of Defence (R & D)	Technical.
10. Indian Institute of Packaging, Bombay.	Technical.
11. Eskaps (India) Pvt. Ltd. Calcutta.	Technical.
12. Jute Agricultural Research Institute, Calcutta.	Technical.
13. Shri R. N. Sengupta.	Grower.
14. The Cement Corporation of India, New Delhi.	User or Consumer.
15. Inspection Wing, Directorate General of Supplies & Disposal, New Delhi.	Do.
16. The Associated Cement Companies Ltd., Bombay.	Do.
17. Food Corporation of India Ltd., New Delhi.	Do.
18. Indian Sugar Mills Association, New Delhi.	Do.
19. Ministry of Defence (DGI)	Do.
20. Fertilizer Corporation of India Ltd., New Delhi.	Do.
21. Indian Jute Mills Association, Calcutta.	Manufacturer.
22. Calcutta Baled Jute Association, Calcutta.	Commerce and Trade
23. Calcutta Jute Fabric Shippers' Association, Calcutta.	Do.
24. Jute Fabric Brokers Association, Calcutta.	Do.
25. Jute Corporation of India Ltd., Calcutta.	Do.
26. Messrs Hamirmul Champalall, Calcutta.	Do.
27. Messrs A. M. Mair & Co., Calcutta.	Do.
28. Messrs G. Das (Jute and Gunny) Ltd., Calcutta.	Do. "

2.31. AS REGARDS REPRESENTATION OF STATE GOVERNMENTS CONCERNED IN THE ABOVE COMMITTEE, THE ISI HAS INFORMED THE COMMITTEE IN A WRITTEN REPLY THAT "STATE GOVERNMENTS, AS SUCH WERE NOT REPRESENTED IN THE COMMITTEE RESPONSIBLE FOR THE PREPARATION OF

THIS STANDARD. The mechanism of standards—preparation by Indian Standards Institution (ISI) through Committee is such that only the departments (Central or State) and bodies concerned with the subject and who have expressed desire to be associated with the work are represented in the Committee. However, at the time of circulation of the draft standard for public comments, various State Governments, namely, West Bengal, Bihar, Assam, Orissa, U.P. and Andhra Pradesh were also requested to comment. Further, special attention was drawn by the Directorate of Jute Development, Government of India, to this document while translating and printing of the subsidiary literature containing salient features of the document."

2.32. THE REPRESENTATIVES OF THE STATE GOVERNMENTS HAVE HOWEVER STATED DURING EVIDENCE THAT THEY WERE NOT CONSULTED BY ISI IN REGARD TO GRADING OF JUTE.

This evidence of representatives of the State Governments shows that the ISI have misled the Committee in their note reproduced in para 2.31 above.

2.33. DURING EVIDENCE OF REPRESENTATIVES OF THE ISI, THE COMMITTEE DESIRED TO KNOW WHETHER THE PRINCIPAL OF THE COLLEGE OF JUTE TECHNOLOGY (DR. B. K. CHAKRABORTY) WAS INVITED TO ATTEND THE MEETINGS OF THE TECHNICAL COMMITTEE, THE REPRESENTATIVE OF THE DIRECTORATE GENERAL, ISI STATED IN REPLY THAT DR. CHAKRABORTY WAS NOT INVITED.

2.34. AS TO THE REASONS FOR NOT INVITING HIM, THE WITNESS STATED, "WE WOULD INVITE SUCH PERSONS AS DECIDED BY THE CHAIRMAN OF THE COMMITTEE i.e. THE JUTE COMMISSIONER."

2.35. ON THE POINT THAT OUT OF 28 MEMBERS IN THE STANDARDISATION COMMITTEE AS MANY AS 15 REPRESENTED THE INDUSTRY/TRADE AS AGAINST ONLY ONE REPRESENTATIVE OF THE GROWERS, THE EX-JUTE COMMISSIONER (SHRI S. N. CHAKRAVARTEE) HAS STATED DURING EVIDENCE THAT "IN THIS MATTER, THE JUTE COMMISSIONER IS THE CONVENER TECHNICALLY, BUT HE IS GUIDED BY THE ADVICE OF THE ISI EXPERTS."

The Committee find that besides the 15 representatives of Jute Industry and Trade there are 5 other representatives belonging to private organisations who have direct or indirect business relations with jute industrialists.

2.36. In regard to the rationale behind classification of jute into so many grades, the Committee have been informed in a written note furnished by the ISI as follows:—

“IS: 271—1975 is based on extensive work done on scientific basis by Jute Technological Research Laboratories (ICAR), Calcutta. The standard replaces the erstwhile system based on geographical location of the produce in which raw jute from certain areas was always considered to be of low quality due to age-old inhibitions. The standard specified 8 grades each for the two types of jute, namely white-tossa and daisee uncut jute, emphasising the characteristics, such as strength, absence of defects, and maximum root content for which higher scoring mark has been allotted to these characteristics for scoring purpose. But so far as characteristics like colour, fineness and density are concerned, the Technical Committee (TDC-3) has included these characteristics since these are quite relevant for industries which use jute for carpet backing, furnishing fabric, etc. So far as spinning aspect of jute fibre is concerned, the colour, lustre and brightness of the fibre do not very much matter.”

The Committee are however, astonished to find that this position has not been corroborated in the publication of ISI to which references have been made later in this Chapter.

2.37. As regards the guiding factors for determining the gradation of jute, the ISI have stated:—

“The main guiding factors that determine the grading of jute fibre are their physical properties assessed on a subjective basis with reference to the aforesaid standard by the persons experienced in this work. In case of arbitration, the instruments for determining the characteristics are available with research laboratories like jute Technological Research Laboratories and Indian Jute Industries’ Research Association. The Standard test methods to be followed while using these instruments have also been covered in corresponding test method standards formulated by ISI.”

2.38. As regards the relation of jute as a fibre with colour or lustre, Director (Textiles), ISI has stated during evidence as follows:—

“In our existing specifications, colour has not come out as a very important factor. Our specification is based on the allotted scoring mark system. Colour is having only a secondary importance. I do not know how it has been told that colour has been considered as an important factor. In our existing specifications, colour fineness and density are the factors of

secondary importance. Strength, defects in the fibre and the maximum root content in the fibre are primary important factors."

2.39. The witness further stated:—

"As far as all characteristics that were required to be considered for grading the jute fibre, the colour characteristic was also taken into account. But the colour characteristic was not considered as a criterion for the spinning quality. But for grading purpose, it has also been taken into account."

2.40. In regard to the relationship of ISI jute gradation with commercial utilisation of jute, the Director (Textiles), ISI, informed the Committee during evidence:—

"There is none."

2.41. From a publication relating to the gradation of jute, issued by the Indian Standards Institution in August, 1975, the Committee find that the following quality characteristics which have a bearing on the quality have been taken into account in assessing the grade of raw jute fibre:—

1. Strength
2. Defects
3. Root content
4. Colour
5. Fineness
6. Density

2.42. The Committee also find that this publication containing only 12 pages has been priced at Rs. 6 per copy.

2.43. In regard to the extent of effect of colour and lusture of jute on the strength and spinning quality of the fibre, the Managing Director, JCI has stated during evidence: "Not to a great extent." The witness has added "Mainly strength and body defects go into the manufacturing problems." The Indian Jute Industries Research Association had informed a Study Group of the Committee that colour had no bearing on the spinning quality of fibre. On this, the Managing Director of JCI has stated during evidence "About the colour part, I agree. But about the lusture, it has some bearing on the spinning quality of the fibre."

2.44. So far as testing of the fibre strength is concerned, the representative of the Directorate General, ISI has stated during evidence that "TESTING INSTRUMENTS ARE NOT THERE IN THE PRIMARY OR SECONDARY MARKETS. IN THE MILLS THEY HAVE THEIR TESTING LABORATORIES AND THEY HAVE THEIR TESTING INSTRUMENTS."

On being asked about the laying down of chemical or laboratory tests through which one grade could be differentiated from the other, the witness stated, "WE DO NOT HAVE CHEMICAL TESTS." The witness added that "CHECKING CAN BE DONE THROUGH HAND AND EYE METHOD."

2.45. In reply to a further question, the witness accepted the position that since the only test for differentiation between one grade and another was through visual assessment, THERE COULD ALWAYS BE VARIATIONS IN THE IDENTIFICATION OF THE REAL GRADE. ASKED ABOUT THE REASONABLENESS OF THE PRESENT GRADATION OF RAW JUTE WHEN THERE COULD BE VARIATION IN DETERMINING THE GRADE, THE WITNESS STATED, "I HAVE TOLD YOU THAT IT IS PURELY SUBJECTIVE AS IT STANDS AT PRESENT."

2.46. The Committee are informed that JCI's staff including the field staff has got work only for about 5 to 6 months in a year. Regarding their utilisation, the Ministry have, in a written note furnished to the Committee *inter alia* stated as follows:—

"The question of utilising the staff of JCI in the lean periods in view of their work load being less at that time, has not been earlier referred to by the JCI to the Ministry*. It would be a good idea to associate the staff during the lean periods with important activities like training the farmers in the art of jute grading, improvement in quality****."

2.47. Asked as to whether it would not be more scientific and reasonable to prescribe only one or two grades for raw jute for purposes of trade and commerce and for use in mills and elsewhere, the witness stated as follows:—

"Regarding looking into the specifications for a review, it is in the purview of the Technical Committee which deals with that. The matter can be brought to the notice of the Competant Technical Committee to review the specification."

2.48. A STUDY GROUP OF THE COMMITTEE, DURING THEIR VISIT TO JUTE MILLS IN CALCUTTA HAD FOUND THAT JUTE OF DIFFERENT GRADES WAS MIXED UP IN THE MILL FOR BEING PROCESSED FURTHER.

*At the time of factual varifications, the JCI has stated that it will not be quite correct to say that the Ministry was not aware of the problems of under-utilisation of JCI's staff including its field staff.

2.49. The Committee note that as against the old system of grading of raw jute based on geographical location, Government, on the recommendations of the Indian Standards Institution introduced a new system of gradation of jute with effect from 1976-77 under which jute was divided into eight different grades, namely TD-1 to TD-8 for Tossa and Daisce raw Jute and W1 to W8 for white raw jute. The Committee have been informed that there are no chemical tests available for differentiating one grade of jute from the other and that the testing instruments used for the purpose are available only in the testing laboratories of the jute mills. No testing facilities are available at the market level where the jute growers bring their produce for sale and, as admitted by the representative of the JCI during evidence, "at the point of buying, we go by hand and eye estimation and in this process there is some over-estimation or under-estimation which is bound to happen in the process." The representative of the ISI also confirmed that the differentiation between one grade and another was through visual assessment which is purely subjective.

2.50. The Committee are deeply concerned to note that by taking advantage of this confusion and ignorance of the small and marginal growers about the anomalous grading system, the Farias (primary buyers) and Aratdars (Secondary buyers), have been deceiving the growers while purchasing jute on 'Garsat Basis' (in bundles of mixed grades) and reaping huge profits.

2.51. The Committee are deeply perturbed to note that out of a total of 28 members of the Technical Committee of ISI who formulated the new grade for jute, only one represented the jute growers. 15 Members represented the industry and trade, five were official Members, representing the Jute Commissioner, the Export Inspection Council, the Ministry of Agriculture etc. and the remaining seven were stated to represent technical interest. The Committee are surprised to find that even in the list of so called technical interests, there are five representatives who actually belong to private organisations having direct or indirect business relations with jute industrialists.

2.52. Strangely enough, there was no representative of the Government of any jute growing State on this Committee.

Thus the Gradation Committee in effect, represented the interests of the Jute Trade and industry and not the jute growers and the Governments of jute growing States which was undoubtedly motivated.

2.53. With such a composition of the Gradation Committee, it is not surprising that the interests of the jute industry were predominant and elements like colour, lustre and brightness were given weightage in determining the grade of jute which, even according to the Indian Standards

Institution and Indian Jute Industries Research Association do not very much matter and have no bearing on the spinning quality of the fibre. Moreover, out of the 8 grades determined by this Committee, grade-I is stated to be not available in the country and grade-8 is just rejection. The Committee see no justification for such a large number of grades for raw jute, which appear to have been introduced only for purposes of confusing and duping the jute grower. In fact, the large number of grades and want of any facility for their scientific determination through testing, which is done only by means of visual impressions which are highly subjective, give greater credence to the general complaints that jute is invariably bought from the grower by assigning grades such lower than the actual grade of his produce and paying for that lower grade. The same jute is then sold to the mills under a higher grade. The mills, in turn, further upgrade the same in their books and show payment of higher price therefor. In the process, not only undue benefits are reaped by the middlemen and the jute industry at the cost of the poor growers, but huge amounts of black money running into hundreds of millions of rupees are generated every year. The Committee, therefore, strongly recommend that the existing system of gradation of jute should be reviewed immediately with a view to reducing the grades to the minimum. The minimum statutory price, which must be a remunerative price based on realistic calculations of the cost of production as indicated in another Report of this Committee on the subject, should be fixed for the bottom grade.

2.54. The Committee also recommend that the Review Committee to be formed for the purpose should provide dominant representation to the Kisan Sabhas and jute growers. The Governments of all the jute growing States in the country should also be fully represented.

2.55. The Committee would further urge that necessary facilities should be provided at the village level to educate the growers in the matter of determination of correct grade of their jute. The Committee note that the field staff of the Jute Corporation of India have virtually no work to do during a major portion of each year. In the opinion of the Committee, the education of jute growers at the village level in a simple methodology for determining the correct grade of jute, could well be undertaken by the staff of the Jute Corporation of India during their lean months. The jute growers should also be educated in the correct method of retting of jute to enable them to bring out better quality of jute.

2.56. The Committee would also suggest that instead of issuing costly publications beyond the reach of poor growers, like the Indian Standards Institution publication of twelve pages relating to gradation of jute issued in August, 1975, and priced at Rs. 6 per copy, Government should issue cheap booklets in regional languages within the reach of poor growers, giving necessary details in respect of gradation of jute for the information and use of the growers.

2.57. The Committee also strongly recommend that the jute growers should be encouraged to produce better quality of jute by all possible means and in the process the statutory price, which has to be remunerative, should be linked to the bottom grade. For better quality of jute, there should be additional remuneration for the growers.

2.58. The Committee would earnestly request all the jute growing State Governments to reproduce the Reports of the Committee on Jute in local languages either for free distribution or for sale at a nominal price.

C. Total Lack of Credit facilities to Jute Growers

2.59. During evidence before the Committee, several official and non-official witnesses have mentioned about complete inadequacy of credit facilities available to jute growers and consequent prevalence of the practice of Dadan (advance loan against crop) on a large scale. The representative of the Jute Corporation of India has held this system responsible for a wide gap between ruling prices of jute and the prices actually received by the growers. The witness has admitted that:—

“Dadan system is in a big way responsible for all these evils. The private traders give some advance to the growers even before the crop is sown. This is an area where the institutional credit or the cooperative credit has to replace the usual dadan.”

2.60. An eminent Trade Union Leader and Member of Parliament Shri B. C. Bhagavati has also stated during evidence:—

“THE JUTE GROWERS HAVE TO SPEND A GOOD AMOUNT OF MONEY AT THE TIME OF CULTIVATION. THEY HAVE TO BORROW MONEY. THEY GET ADVANCES FROM SOME MERCHANTS. WHEN THEIR RAW JUTE IS SOLD THEY HAVE TO PAY BACK IN KIND. THAT WAS THE PRACTICE. IN THE PROCESS THEY HAVE TO PAY HEAVY INTEREST. I CALCULATED THE INTEREST. I FOUND THAT THE INTEREST CAME UPTO 200 per cent WHEN THEY BORROW OR TAKE ADVANCES THE PRICE OF PADDY OR JUTE IS HIGHER THAN THE PRICE AT THE HARVEST TIME. HE HAS, THEREFORE, TO GIVE MORE, KEEPING IN VIEW THE COST PREVAILING AT THE TIME THE LOAN WAS TAKEN. THEY SUFFER THAT WAY.”

2.61. THE ADDITIONAL SECRETARY (BANKING) MINISTRY OF FINANCE HAS ALSO ADMITTED DURING EVIDENCE THAT GOVERNMENT ARE CONSCIOUS OF THE HIGH RATE OF INTEREST CHARGED BY THE PRIVATE MONEY LENDERS. THE DIRECTOR IN THE MINISTRY OF INDUSTRY HAS ALSO ADMITTED DURING EVIDENCE THAT THE RATE OF INTEREST

THAT THE POOR JUTE GROWER HAS TO PAY ON PRIVATE LOANS "WOULD BE MORE THAN 100%."

2.62. The Ministry of Industry have also informed the Committee that many small jute growers are in the grip of money-lenders and are exploited by 'Dadandars' (people who pay advances against crops). In a note furnished to the Committee, the Ministry have stated as follows:—

"It is a fact that many small jute growers are in the grip of money-lenders and are exploited by dadandars. This problem can be solved by making institutional credit available at the grower's level and by strengthening the primary cooperative societies educately so as to link credit with marketing. Although some beginning has been made in this regard, much is still to be done. The question whether the JCI can also have a more active part in this matter is being taken up for examination.

* * *

There cannot be two opinions about the necessity of prohibiting the practice of Dadan. The Commerce Minister has addressed the Chief Ministers, impressing upon the State Governments the need to maintain the statutory minimum prices and save the growers from the clutches of the middlemen."

2.63. The Committee is however, of the opinion that since the Central Government completely controls the jute industry and trade, the task of making available very cheap and liberal credit for jute growers lies squarely on them.

2.64. The question of credit availability to Jute growers was mentioned in the Report of Study Group for the formulation of Fifth Five Year Plan proposals on Jute (Ministry of Agriculture—Department of Agriculture—1973) thus:—

"Credit, whatever its urgency, remains still a knotty problem. All efforts made in the past to solve it have proved futile and the grower continues to suffer. His input utilisation is at a low ebb because fertilizers, pesticides, etc. cannot be purchased for want of money and as such the unit yield does not rise; secondly, because of shortage of funds, he lacks bargaining power and has to dispose of fibre at whatever prices are offered, and worst still he sells it out even at growing stage of the crop. Finally, he falls an easy prey to village money-lenders and pays exorbitant rates of interest.

The institutional agencies like the cooperative societies, weak as they are in the eastern region, can hardly tackle the problem of credit. The agriculture departments, too, do not have sufficient funds to come to the rescue of the farmers. The S.F.D.A. (Small Farmers

Development Agency) and M.F.A.L. (Marginal Farmers and Agricultural labourers) are no doubt looking into the interest of small growers but there is some special need for credit for jute development.

For full implementation of the I.J.D.P. (Intensive Jute District Programme) and its success, credit provision has to be made in the programmed area by strengthening the cooperative societies and linking credit with marketing. So far this matter has not progressed much but the State Governments should take active interest. However, for meeting the credit needs effectively, the commercial banks should also come in a big way and help the growers for purchase of inputs like fertilizers, seed, insecticides, etc. The Jute Corporation of India may also assume some responsibility against hypothecation of the crops so that loan realisation presents least difficulty. Better credit worthiness of the growers resulting from higher income, as expected from improved technique and multiple cropping, should encourage the flow of institutional credit."

2.65. On 31 December, 1973, the Government of India also constituted a Committee, under the Chairmanship of Shri S. N. Chakravartee, the then Jute Commissioner, to study the working of the Jute Corporation of India and the cooperatives in the procurement of raw jute. The Committee submitted their Report on the 7 February, 1974 and the question of credit to jute growers was discussed in that Report in the following terms:—

"The full benefit of the purchases of the JCI and the Co-operatives could be availed of by the growers only when such purchases are made directly from them. Most of the jute growers are small and are indebted to the money-lenders. They are, therefore, obliged to give preference to such money-lenders in disposing of their jute. The Agricultural and Co-operation Departments of the State Governments as well as the National Co-operative Development Corporation are aware of this constraint and have plans for expanding the institutional credit facilities for the growers. In so far as marketing of jute is concerned, the Committee would reiterate the recommendation made by the Conference of the State Co-operation Ministers of Eastern States held in October, 1973 at Gauhati to the effect that measures should be taken to ensure affiliation of all viable primary agricultural credit and service societies to the marketing societies concerned and to forge an effective link between cooperative credit and co-operative marketing. The Committee would emphasise that

the linking of cooperative credit with the sale of jute to the marketing cooperatives is the best means of ensuring that the operations of the JCI directly benefit the jute growers. Steps for this purpose are reported to be already under way in Assam and some other States. The Committee also noted that financial provision has been made in the Intensive Jute District Programme for assisting the marketing cooperatives and urges that the same be taken full advantage of by the State Governments. The Committee also suggests that the Central and State Governments should formulate special programmes for integrated development of credit and marketing co-operatives. The nationalised banks should also give greater attention to the credit needs of the jute growers."

2.66. As regards action taken on the above quoted recommendations of the Chakravartee Committee, the Committee have been informed by the Jute Corporation of India that in the matters of special programmes for integrated development of credit and marketing co-operatives, and affording of greater attention by nationalised banks to the credit needs of the jute growers, action has already been initiated but the progress made so far has not been upto the expectations.

2.67. In regard to the present factual position about provision of credit by Government agencies to the jute growers in the country, the Additional Secretary, Ministry of Finance, has informed the Committee during evidence—

"Over the years, it has been the policy of the Government to increase the share of agriculture in the total credit provided. Since nationalisation of banks in 1969, there has been a very substantial increase in total agricultural credit in the country. In 1969, the proportion of agricultural credit to total credit of the public sector banks was 5.5 per cent. Currently the percentage is double, *i.e.*, 11 per cent. This must be viewed in the context of a very substantial growth in the total credit itself. In absolute terms, in 1969 agriculture got Rs. 162 crores. Currently (as at the end of June, 1977) it gets Rs. 1275 crores. This is for agriculture in general. We do not have separate figures for jute growers, cotton growers, sugarcane-growers, etc."

2.68. Asked as to whether the Department of Banking had any specific proposal to augment the credit facilities available to the farmers, specially to the jute growers, the witness stated:—

"At the moment we do not have any specific scheme aimed at the jute growers as such, but we are quite prepared to examine the suggestions in this regard."

2.69. The Committee enquired if any specific dialogue had taken place with the jute growing States in connection with the availability of easy and timely credit to the jute growers. The witness replied—

“There is no special dialogue of the kind you have in mind.”

2.70. The Committee have also been informed that a scheme for provision of credit on differential rates of interest (DRI) was introduced by Government in June 1972, which envisaged that public sector banks would advance loans at 4 per cent rate of interest to eligible borrowers belonging to the economically weaker sections of the community for undertaking productive endeavours. Referring to this scheme, the Committee desired to know the pattern of rates of interest that were being charged on advances made under the scheme. The representative of the Department of Banking stated in reply as follows:—

“The differential rate of interest was meant for the weaker sections of the society and the income criteria was the main criteria. **
* * * Persons whose income is below Rs. 3000 in the urban areas and Rs. 2000 in the rural areas, per annum, were eligible under this scheme to take small loans at 4 per cent rate of interest. Upto Rs. 5000 they were allowed for a term loan and Rs. 1500 as crop loan or working capital loan”.

The witness added—

“Earlier this scheme was operating in certain districts but now, this scheme is operating throughout the country irrespective of areas.”

2.71. On the Committee desiring to know whether any special provisions were made for affording credit facilities under the above-mentioned scheme to the jute growers, the witness replied:—

“Under the DRI schemes, the details of which have been explained if they are eligible, they could get it at that rate.”

2.72. IN ORDER TO HAVE FIRST HAND INFORMATION ABOUT WHAT THE BANKING INSTITUTIONS WERE DOING TO HELP THE JUTE GROWERS, THE COMMITTEE HAVE ALSO HEARD THE DEPUTY GOVERNOR OF THE RESERVE BANK OF INDIA DURING EVIDENCE. THE DEPUTY GOVERNOR OF RESERVE BANK OF INDIA HAS INFORMED THE COMMITTEE IN EVIDENCE THAT THEY HAVE INCLUDED THE JUTE GROWERS ALONG WITH OTHER AGRICULTURISTS. IN REGARD TO THE EXTENT OF CREDIT PROVIDED BY BANKING INSTITUTIONS

AND COOPERATIVES ETC. TO THE JUTE GROWERS, THE WITNESS INFORMED THE COMMITTEE DURING EVIDENCE AS FOLLOWS—

“WE ARE AWARE OF THE FACT THAT THE EXTENT TO WHICH CREDIT IS MADE AVAILABLE TO JUTE GROWERS THROUGH INSTITUTIONS SUCH AS COMMERCIAL BANK AND COOPERATIVES AND OTHERS IS STILL NOT AS MUCH AS MAY BE REQUIRED AND THAT PROGRESSIVELY THE CONTRIBUTION WILL HAVE TO BE INCREASED. WE ARE, ENDEAVOURING TO ENLARGE THE INVOLVEMENT OF THE COMMERCIAL BANKS IN THIS AREA * * * * * WE HAVE ASKED THE COMMERCIAL BANKS TO INCREASE THE EXTENT OF THEIR ADVANCES TO AGRICULTURISTS AS ALSO TO THE OTHER WEAKER SECTIONS OF SOCIETY.”

2.73. Asked whether, in their Reports relating to provisions of credit the Reserve Bank of India were maintaining any separate figures in respect of jute growers, the witness replied—

“WITH REGARD TO THE JUTE GROWERS IN PARTICULAR, THE INFORMATION WE HAVE RELATED TO CREDIT TO AGRICULTURISTS AS SUCH, RATHER THAN ON ANY PARTICULAR COMPONENT OF THE AGRICULTURISTS.”

2.74. THE COMMITTEE ENQUIRED WHETHER THE RESERVE BANK HAD MADE ANY SURVEY AS TO HOW MUCH CREDIT GOES TO JUTE GROWERS. THE DEPUTY GOVERNOR, RESERVE BANK OF INDIA, STATED “WE HAVE NOT MADE A SURVEY OF WHAT CREDIT GOES TO JUTE GROWERS AS SUCH.****”

2.75. IN REPLY TO A FURTHER QUESTION WHETHER THE COOPERATIVE SECTOR AND THE NATIONALISED BANKS INDICATED IN THEIR RECORDS THE PURPOSE FOR WHICH THE LOANS WERE SANCTIONED AND WHETHER THE RESERVE BANK OF INDIA GOT THEIR ANNUAL REPORTS, THE WITNESS STATED “WE SHOULD GET THE INFORMATION FROM DIFFERENT BRANCHES OF THE BANKS AND ALSO FROM THE CO-OPERATIVES. IF THE COMMITTEE DESIRE, WE WILL TRY TO OBTAIN THAT INFORMATION AND PROVIDE THE SAME”.

THIS GOES TO SHOW THAT THE R.B.I. DOES NOT POSSESS THESE VITAL STATISTICS.

2.76. ASKED IF THE WITNESS WAS AWARE OF THE FACT THAT RAW JUTE GROWING HAD GREAT IMPACT ON THE RURAL ECONOMY OF AT LEAST SIX STATES, THE DEPUTY GOVERNOR REPLIED IN THE AFFIRMATIVE.

2.77. THE COMMITTEE ENQUIRED IF INSPITE OF THE FACT THAT JUTE INDUSTRY PLAYS SUCH AN IMPORTANT PART IN THE ECONOMY OF THE COUNTRY THE RESERVE BANK HAD NOT TAKEN PAIN TO MAINTAIN ANY SEPARATE FIGURES AND STATISTICS FOR THE CREDIT MADE AVAILABLE TO JUTE GROWERS. THE WITNESS *INTER ALIA* STATED AS FOLLOWS:—

“AS OF NOW, I AM SORRY THAT WE HAVE GOT INFORMATION ON A GLOBAL BASIS, BUT NOT IN TERMS OF CULTIVATORS OF DIFFERENT KINDS OF CROPS AND IN SUCH DETAIL.”

2.78. THE COMMITTEE ENQUIRED ABOUT THE TOTAL AMOUNT OF CREDIT GIVEN BY BANKS TO JUTE MILLS FOR THE PURCHASE OF RAW MATERIAL AND FOR THEIR OPERATIONS. IN A NOTE SUBMITTED TO THE COMMITTEE THE MINISTRY OF FINANCE (BANKING DIVISION) HAVE *INTER ALIA* STATED AS FOLLOWS:—

“THE TOTAL AMOUNT OF CREDIT LIMIT AVAILABLE TO JUTE MILLS COVERED BY THE CREDIT AUTHORISATION SCHEME (I.E. WHICH ENJOY AGGREGATE LIMITS OF RS. 2 CRORES AND ABOVE FROM THE ENTIRE BANKING SYSTEM) FOR THE PURCHASE OF RAW MATERIAL AND FOR THEIR OPERATIONS AMOUNTED TO RS. 157.22 CRORES AS ON THE 30TH JUNE, 1977. THE LIMITS EXTENDED BY BANKS FOR TRADING IN RAW JUTE AMOUNTED TO RS. 52.29 CRORES AS ON THE 30TH JUNE, 1977 WHICH INCLUDES THE LIMITS OF RS. 48 CRORES SANCTIONED TO THE JUTE CORPORATION OF INDIA. THE INFORMATION IN RESPECT OF JUTE MILLS AND PARTIES INVOLVED IN TRADING OF RAW JUTE, ENJOYING LIMITS OF LESS THAN RS. 2 CRORES AS AT THE 30TH JUNE, 1977, IS NOT AVAILABLE.

WHENEVER JUTE MILLS SHOW SIGNS OF SICKNESS, BANKS TRY TO NURSE THE UNITS, PROVIDED THEY ARE TECHNO-ECONOMICALLY VIABLE BY PROVIDING ADDITIONAL FINANCE, WHENEVER REQUIRED.

THE ADVANCE GRANTED BY BANKS TO 29 SICK JUTE MILLS (THOSE ENJOYING CREDIT LIMITS OF OVER RS. 1 CRORE FROM THE BANKING SYSTEM) AMOUNTED TO RS. 67 CRORES AS THE END OF MARCH, 1977.

THE PROGRAMME OF NURSING OF SICK UNITS IS SUPPLEMENTED BY THE PROVISION OF ASSISTANCE* FROM PUBLIC FINANCIAL INSTITUTIONS FOR MODERNISATION OF MILLS."

2.79. IN A NOTE SUBMITTED TO THE COMMITTEE JUTE CORPORATION OF INDIA HAVE STATED THAT FOR CAPITAL INVESTMENT FOR MODERNISATION, DIVERSIFICATION, EXPANSION AND REHABILITATION THE JUTE INDUSTRY NORMALLY GETS LOANS FROM FINANCIAL INSTITUTIONS LIKE INDUSTRIAL DEVELOPMENT BANK OF INDIA, INDUSTRIAL FINANCE CORPORATION OF INDIA ETC. ACCORDING TO THE ANNUAL REPORT OF 1974-75 OF I.D.B.I., IT SANCTIONED A TOTAL LOAN ABOUT RS. 19.2 CRORES UNDER DEFERRED PAYMENT SCHEME FROM JULY, 1964 TO JUNE, 1975 TO THE JUTE INDUSTRY OF WHICH THE ACTUAL UTILISATION WAS ABOUT RS. 15.50 CRORES. THE INDUSTRIAL FINANCE CORPORATION OF INDIA MADE AVAILABLE TO THE INDUSTRY FUNDS FOR DIVERSIFICATION AND MODERNISATION IN AN ASSISTANCE PROGRAMME BY LOANS STARTED IN 1967. CARRYING A CONCESSIONAL RATE OF INTEREST WHICH IS 1 PER CENT BELOW THE NORMAL LEADING RATES OF INDUSTRIAL FINANCE CORPORATION OF INDIA. AT THE END OF 1976 THE INDUSTRIAL DEVELOPMENT BANK OF INDIA SOFT LOAN SCHEME FOR MODERNISATION HAS BEEN INTRODUCED, THE INDUSTRIAL FINANCE CORPORATION OF INDIA BEING DESIGNATED AS THE LEAD INSTITUTION FOR PROCESSING SCHEMES FOR MODERNISATION OF JUTE INDUSTRY. THE RATE OF INTEREST CHARGED UNDER THE SCHEME IS $7\frac{1}{2}$ PER CENT AS AGAINST THE NORMAL LEADING RATE OF 11 PER CENT CHARGED BY INDUSTRIAL FINANCE CORPORATION OF INDIA. UNDER THE SCHEME 22 MILL COMPANIES HAVE APPLIED FOR SOFT LOANS AMOUNTING IN TOTAL TO ABOUT RS. 66.17 CRORES BY 22-7-77. OF WHICH A TOTAL AMOUNT OF RS. 5.15 CRORES HAS BEEN SANCTIONED TO 2 JUTE MILL COMPANIES. OVER AND ABOVE THESE

*The figures of Total assistance given under this arrangement will be given in another Report of this Committee on the Subject.

CREDIT FACILITIES THE INDUSTRY ALSO ENJOYS CREDIT FACILITIES FOR EXPORT IN THE SHAPE OF 'PRE-SHIPMENT EXPORT CREDIT' AS ALSO 'POST-SHIPMENT EXPORT CREDIT' FROM COMMERCIAL BANKS AT A CONCESSIONAL RATE OF INTEREST.

2.80. IN REGARD TO CASH ASSISTANCE TO JUTE INDUSTRY THE MINISTRY OF INDUSTRY HAVE STATED AS FOLLOWS:—

"CASH COMPENSATORY SUPPORT TO JUTE INDUSTRY AGAINST EXPORTS COMMENCED FROM OCTOBER, 1975. AMOUNT OF CASH ASSISTANCE DISBURSED TO JUTE INDUSTRY UPTO 20-3-1978 HAS BEEN OF THE ORDER OF:—

(a) 1975-76	Rs. 1,99,56,508
(b) 1976-77	Rs. 7,02,40,108
(c) 1977-78 (upto 20-3-78)	Rs. 16,12,61,769

2.81. IN REGARD TO REPLENISHMENT IMPORT LICENCES ISSUED TO THE JUTE INDUSTRY THE MINISTRY HAVE STATED AS FOLLOWS:—

"THERE IS NO PROVISION FOR REPLENISHMENT IMPORT LICENCES AGAINST EXPORT OF JUTE GOODS UNDER THE REGISTERED EXPORTERS' POLICY EXCEPT IN THE CASE OF JUTE DECORATIVES, DETAILS OF WHICH ARE GIVEN BELOW:—

Year (April/March)	Value of import licences
(a) 1975-76 (from October, 1975)	Rs. 1,99,918
(b) 1976-77	Rs. 7,74,299
(c) 1977-78 (upto 31-3-78)	Rs. 5,97,059"

2.82. ASKED IF THE COMMERCIAL BANKS WEAR ADVANCING LOANS AGAINST STANDING JUTE CROPS ON THE LINES OF SUCH ADVANCES AGAINST STANDING TEA CROPS, THE WITNESS REPLIED IN THE NEGATIVE AND ADDED THAT THE TEA INDUSTRY WAS GETTING A FAIR AMOUNT OF ASSISTANCE. THE REASONS FOR THIS DIFFERENTIAL TREATMENT WERE EXPLAINED BY THE WITNESS IN THE FOLLOWING TERMS:

"THE TYPE OF INDUSTRY IS DIFFERENT. THERE IS ONE WHOLE TEA GARDEN OWNED BY ONE PERSON

WHEREAS IN THE CASE OF JUTE THEY ARE SMALL HOLDINGS."

2.83. This argument is not at all acceptable to the Committee. In fact owners of small holdings deserve greater attention. It is, therefore, a serious discrimination on the part of R.B.I., who are very much biased in favour of the rich rather than the poor.

2.84. On the Committee expressing their anxiety that the jute grower should get financial assistance at reasonable rates of interest for procuring seed, water, bullocks, for his own subsistence and for holding his products against distress sale to save himself from the exploitation of jute traders, the witness stated:—

"We are getting credit plans during the year for all the districts in the country before March, 1978 and part of the credit plans will be related to the requirements of all sectors including the particular point that you have in mind."

2.85. The Committee also desired to know as to how the rate of interest being charged from borrowers going into shipping business compared with the rate of interest charged from jute growers. The Reserve Bank of India in a note submitted to the Committee has stated as follows:—

"THE BANKS HAVE NOT GENERALLY STIPULATED ANY SEPARATE RATE OF INTEREST ON ADVANCES TO JUTE GROWERS. INTEREST RATES ON AGRICULTURAL ADVANCES ARE, BY AND LARGE, APPLICABLE TO ADVANCES TO JUTE GROWERS. * * *

* * * * *

* * * INTEREST AT 10 PER CENT/10.5 PER CENT/11 PER CENT ANNUM IS CHARGED ON SHORT TERM LOANS IN RESPECT OF BORROWERS HAVING SMALL HOLDINGS AND IN RESPECT OF LOANS UPTO RS. 2,000/- THE RATE OF INTEREST INCREASES IN RESPECT OF BORROWERS WITH HIGHER HOLDINGS AND FOR LARGER AMOUNTS OF LOANS ON A GRADED BASIS. THE INTEREST RATES FOR TERM LOANS ARE SIMILARLY ON A GRADED BASIS. IN TERMS OF THE GOVERNOR'S CIRCULAR NO. CPC B.C. 27/279A-77 DATED THE DECEMBER 12, 1977, * * * BANKS HAVE BEEN ADVISED TO CHECK RATE OF INTEREST (a) NOT EXCEEDING 10.5 PER CENT ON TERM LOANS WITH MATURITY OF NOT LESS THAN 3 YEARS GRANTED TO FARMERS FOR PURPOSES OF MINOR IRRIGATION AND LAND DEVELOPMENT AND (b) NOT EXCEEDING 11 PER CENT ON TERM LOANS WITH

MATURITY OF NOT LESS THAN 3 YEARS GRANTED TO FARMERS UNDER THE CATEGORY 'DIVERSIFIED PURPOSES'. BANKS ARE ALSO EXPECTED TO CHARGE NOT MORE THAN 11 PER CENT ON LOANS TO SMALL FARMERS—DIRECT INDIVIDUAL LOANS GRANTED AFTER 1ST JANUARY 1978, NOT EXCEEDING RS. 2,500/- WHETHER EXTENDED AS SHORT, MEDIUM OR LONG TERM FACILITY:

* * * * *

THE SHIPPING DEVELOPMENT FUND COMMITTEE ALLOWS REBATE IN INTEREST TO THE EXTENT OF 3.5 PER CENT, THE EFFECTIVE RATE TO THE SHIPPING COMPANIES IS 7.5 PER CENT PER ANNUM."

2.86. In another written note furnished to the Committee after evidence the Reserve Bank of India has stated that the rates of interest charged to the borrowers by the primary agricultural credit societies for short-term agricultural advances, including finance for jute, if any, in the main jute growing states are as under:—

Assam	.	13.00*	percent per annum
Bihar	. . . . .	13.25	Do.
Meghalaya	. . . . .	12.50 to 13.50	Do.
Manipur	. . . . .	14.00	Do.
Nagaland	. . . . .	13.00	Do.
Orissa	. . . . .	14.00 to 14.50	Do.
Uttar Pradesh	. . . . .	14.00	Do.
Tripura]	. . . . .	13.00	Do.
West Bengal	. . . . .	12.50 to 15.00*	Do.

2.87. The Committee enquired whether any discussion had taken place between the Reserve Bank of India and the Governments of jute growing States regarding Credit facilities to jute growers. In a note submitted to the Committee, R.B.I. has stated as follows:—

"On the specific matter of credit facilities to jute growers, there have been no discussions between the Reserve Bank of India, and the jute growing States."

*14.00 percent as on 31-3-1977 as intimated by the Ministry of Finance at the time of factual verification.

2.88. The Committee deeply regret this serious discrimination on the part of Reserve Bank of India. Perhaps the tentacles of the jute tycoons are too long.

It is necessary for the R.B.I. to change its attitude immediately and to bring to bear a "help the weaker section" orientation to its policies.

2.89. The Committee are indeed very much astonished and distressed to note that whereas the poor jute grower, who is the actual producer of the golden fibre, is provided with practically no credit facility even for his inputs, the big jute industrialists and jute barons who are the owners of the jute mills are for reasons unknown, given most charitable and liberal credit for purchase of jute at a fraction of cost of the production, for processing of jute and for export of jute goods. Thus actually the jute buyers not only takes the jute but also takes along with it a pound of flesh of the grower every time he buys jute. For this exploiting operation, support and approval from Reserve Bank of India for the exploiter is not lacking. Loans at lower rates of interest are given for capital investment for modernisation, diversification, expansion and rehabilitation of jute industry. The industry also enjoys credit facilities for export in the shape of "pre-shipment export credit" as also "post-shipment export credit", from commercial banks at a concessional rate of interest. Cash Compensatory support to Jute Industry is also provided by the Government against export of jute goods.

The poverty stricken starving jute grower, is, however, left high and dry. This needs a thorough probe since the Committee are alarmed to note the presence of tentacles of the jute lobby almost everywhere.

2.90. The Committee regret that the jute growers who are most impoverished cultivators with hardly any other substantial source of income are continuously being ruthlessly exploited by the crafty jute industrialists, traders and their dadandars (people who pay advances against crops) and they are left to fend for themselves. It is a matter of common knowledge that the jute growers get almost no credit from Government agencies for inputs and subsistence and that they have to depend for this purpose upon private money-lenders who charge abnormally high rate of interest (upto 200 per cent). As a consequence of this, the poor jute grower has always to remain under the grip of the private money-lenders who make advances on the understanding that the entire produce of his jute will be given to them for a fraction of its real value. The poor grower has thus no option but to sell his jute to his creditors at prices dictated by them. This is known to one and all and the Reserve Bank of India and other concerned authorities have, in order to evade the issue, till date adopted a shuteyed policy which is deprecated. The Committee suspect that it is because of the fact that easy and liberal credit could have

given the grower holding power which would have made it difficult for the industry and trade to get jute at buyer's price that practically no credit is made available for the jute grower, not to speak of giving it at a concessional rate of interest. The fantastic prosperity of a handful of persons (about eight families) behind the jute industry is solely because they are able to fleece the grower at their will and with impunity. The Government and the Reserve Bank of India, it is regretted, had been more or less only a silent spectator and abettor.

2.91. It is a matter of great concern to the Committee that notwithstanding the importance of jute in the national economy, no special attention has been given by Government to provide any credit facilities worth the name to the poor growers of jute. It is most distressing for the committee to know that the poor jute growers are merely included in the general scheme, having a long list, for grant of credit facilities to agriculturists wherein they are required to pay higher rates of interest. As against this, for the multimillionaire jute industrialists and traders there is ample and highly subsidised credit. This speaks of an unholy alliance between the concerned people in authority and the jute barons.

As pointed out by the Chakravartee Committee in their Report of February, 1974, on the working of Jute Corporation of India and the Co-operatives, there is an imperative need for the Central and State Governments to formulate special programmes for integrated development of credit and marketing cooperatives for jute growers. The nationalised banks also must give greater attention to the credit needs of the jute growers.

In the opinion of the Committee, however, since the jute industry and trade are controlled by the Central Government, the task of making available very cheap and liberal credit to jute growers lies squarely on the Central Government. There is no second opinion about it.

2.92. Separate provision for providing immediately institutional credit facilities to the jute growers at the level of the National Co-operative Development Corporation is also absolutely necessary.

2.93. The Committee are particularly distressed to note that although loans are advanced by Commercial Banks against standing crops in the case of tea, another big "industrial house dominated" business (many jute barons are also tea lords), no such facility whatsoever has been allowed in the case of jute growers. To the mind of the Committee, this constitutes a serious discrimination on the part of the Reserve Bank of India who are very much biased in favour of the rich rather than the poor, which the Committee deprecate. In this matter, the Committee are not at all convinced with the argument advanced by the Deputy Governor of the Reserve

Bank (Dr. K. S. Krishnaswamy) that the Tea Garden is one whole Garden owned by one person whereas in the case of jute there are small holdings. This is, to say the least, a curious mentality which speaks for itself. The Committee feel that it is the owners of small holdings who deserve greater and sympathetic attention. Further, viewed in the context of the proclaimed policy of the Government to lay special emphasis on providing assistance to the small agriculturists, the Committee see no reason why the facilities of credit against standing crops and insurance of such crops should not be afforded to the growers of jute and other agricultural crops. The Committee require that this should commence forthwith.

2.94. The Committee are told that the scheme introduced by Government in 1972 for providing advances at differential rates of interest to weaker sections of society has now been extended to the entire country and that the jute growers can also take advantage of that scheme. In view of the fact that jute growers continue to occupy a very weak position in the rural economy, the Committee would strongly recommend that an adequate portion, commensurate with the requirements of jute growers, of the amounts specified to be advanced under the Differential Rate of Interest Scheme should be specifically earmarked for the use of the jute growers and proper publicity given to the same so that the jute growers are actually able to make use of that credit. In this connection, the Committee would like to remind the Reserve Bank of India that they are providing credit to wealthier persons going into shipping business at a low rate of interest of $7\frac{1}{2}$ per cent as against minimum rate of 13 to 15 per cent normally charged by lending institutions on advances made to agriculturists including poor jute growers. At this very 'very low' rate of interest, the multimillionaire users of jute also get loans under the Industrial Development Bank of India 'Soft Loan Scheme' for modernisation of jute industry. This, therefore, calls for a thorough probe into the functioning of the Reserve Bank of India.

2.95. Jute and many other industries are purely agro-based industries and as seen from the evidences in connection with the examination of Jute Corporation of India, whilst the jute industry has been adequately, lavishly and charitably financed the agriculturist has been forced to starve. The very foundation of an agro-based industry, to the mind of the Committee, is dependent on successful production of the agricultural produce which provides the raw material of that particular agro-based industry and for that reason it is absolutely necessary that the producer gets not only a sufficiently remunerative price for his produce but also adequate, cheap and liberal credit as per his requirements. All these things are conspicuous by their absence in the case of jute. Here is a case where the Government of India as a whole should immediately commence an exercise and set things right as early as possible to ensure that the man who tills the soil and processes the raw jute, standing in waist-deep water

for hours together, under most trying conditions and produces the raw material for the agro-based industry of jute, not only gets remunerative price for his produce, but also gets his due share of money out of the profits of the industrial products. Such exercise should also be done in the case of other agro-based industries like tobacco, cotton and sugar.

2.96 The Committee also feel that there is a strong case for substantially increasing the total amount of credit allotted under the Differential Rate of Interest Scheme.

2.97. Another important aspect of provision of credit to the jute growers relates to the methodology for timely disbursement of such advances to them. With a view to ensuring elimination of avoidable and time-consuming formalities for disbursement of loans, the Committee are positive that it is the bounden duty of the Reserve Bank of India to ensure that the Banks formulate a Scheme whereunder their agents may visit the jute growing areas at specified intervals and make advances to the cultivators for their inputs and subsistence at the time of sowing and at other appropriate times.

2.98. To sum up, the Committee feel that if the poor jute growers are really to be freed from the bondage of unscrupulous businessmen and money-lenders, it is imperative that the existing credit institutions must pay much greater attention to the problem and pump in very much more low interest credit to jute growers in the rural sector, commensurate with their needs. For this purpose, a time-bound programme should be chalked out by the Central Government through coordination with the National Cooperative Development Corporation, the State Governments concerned, the Reserve Bank and other institutions concerned, and implemented from the coming season without fail.

The entire responsibility for this should, however, rest with the Central Government and the Reserve Bank of India who should wake up from their slumber.

It is then and then alone that the poor grower shall acquire the necessary holding power and be able to free himself from the clutches of dadandars (people who advance loans against crops), jute traders and jute industrialists who are out to fleece the grower, and thus save himself from total ruination.

The Committee need hardly emphasise that in the survival of the jute grower lies the future of jute industry which has manifold impact on the country's economy and employment potential.

NEW DELHI;
April 14, 1978.
Chaitra 24, 1900 (Saka).

JYOTIRMOY BOSU,
Chairman,
Committee on Public Undertakings.

APPENDIX

Summary of Conclusions/Recommendations

<i>S. No.</i>	<i>Reference to Para No. in the Report</i>	<i>Summary of Conclusions/ Recommendations</i>
1	2	3
	2.17— 2.18	<p>The Committee note that on account of the very limited activities of the Jute Corporation of India in the field of purchase of jute and absence of will on its part to go to the succour of the poor exploited jute growers, the private traders, who are invariably the agents/benamdars of the jute industry, continue to hold the lever for manipulation of prices of raw jute. The methods adopted for the purpose are stated to be declaration of lock-outs in the mills on one pretext or the other and consequent stoppage of purchases of raw jute in the market, as a result of which the market gets flooded and the prices are substantially depressed. Consequently, the jute growers, who come from the poorest class and do not have the capacity to hold their stock for want of finance, storage capacity etc. have to resort to distress sales at prices much below the minimum statutory price and considerably below their own cost of production. The Committee also find that one of the important reasons for development of such situations is complete lack of organisations to safeguard the interests of the jute growers.</p> <p>The Committee find a few cooperatives of jute growers are working in some States, but inspite of improvements during the last five years, the number of co-operatives in jute in the country was only 103 in 1976-77 and their purchases worked, at their best, to a meagre 3.55 per cent of the total production of</p>

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jute and mesta in the country during 1975-76. During the same year, the other purchases by JCI through their own DPCs worked out to 6.27 per cent of the total production of jute and mesta in the country. As such, over 90 percent of the trade in raw jute continues to be in the hands of private traders which, in the opinion of the Committee, is a disastrous situation from the point of view of poor kisans. The Committee, therefore, suggest that the jute growers should be afforded all possible help, including finance, by the Central Government through appropriate channels to from their own co-operative societies in adequate numbers so that the sale of raw jute produced by the growers is regulated in a manner which would enable them to safeguard their interests and save them from exploitation by the private jute traders. Incidentally, the formation of such societies by the growers will also generate some employment opportunities in the rural areas.

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The Committee note that in order to bring about discipline in the working of private jute traders who indulge in all kinds of undesirable activities, the Central Government have recently issued a Jute Licensing Order. While the Committee welcome such measures, they would urge that in order to achieve the desired results, Government should create adequate machinery to strictly enforce the provisions of such orders immediately.

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The Committee also note that Regulated Market Acts have been passed in most of the jute growing States and steps have been taken to bring more and more markets under regulation. However, as stated by Jute Corporation of India, the working of these markets is still far from satisfactory and facilities like storage, baling, proper feeder roads, transportation, market yards and auction arrangements etc. are yet to be organised in these markets. The Committee suggest that the Central Government should ensure that immediate attention is paid to all these

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aspects to achieve proper growth of and improvements in functioning of the regulated markets.

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The Committee note that as against the old system of grading of raw jute based on geographical location, Government, on the recommendations of the Indian Standards Institution introduced a new system of gradation of jute with effect from 1976-77 under which jute was divided into eight different grades, namely TD-1 to TD-8 for Tossa and Daisee raw jute and W1 to W8 for white raw jute. The Committee have been informed that there are no chemical tests available for differentiating one grade of jute from the other and that the testing instruments used for the purpose are available only in the testing laboratories of the jute mills. No testing facilities are available at the market level where the jute growers bring their produce for sale and, as admitted by the representative of the JCI during evidence, "at the point of buying, we go by hand and eye estimation and in this process there is some over-estimation or under-estimation which is bound to happen in the process." The representatives of the ISI also confirmed that the differentiation between one grade and another was through visual assessment which is purely subjective.

The Committee are deeply concerned to note that by taking advantage of this confusion and ignorance of the small and marginal growers about the anomalous grading system, the Farias (primary buyers) and Aratdars (Secondary buyers), have been deceiving the growers while purchasing jute on 'Garsat Basis' (in bundles of mixed grades) and reaping huge profits.

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The Committee are deeply perturbed to note that out of a total of 28 members of the Technical Committee of ISI who formulated the new grade for jute, only one represented the jute growers. 15 Members represented the industry and trade, five were official Members, representing the Jute Commissioner, the Export Inspection Council, the Ministry of Agri-

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culture etc. and the remaining seven were stated to represent technical interest. The Committee are surprised to find that even in the list of so called technical interests, there are five representatives who actually belong to private organisations having direct or indirect business relations with jute industrialists. Strangely enough, there was no representatives of the Government of any jute growing State on this Committee.

Thus the Gradation Committee in effect, represented the interests of the Jute Trade and industry and not the jute growers and the Governments of jute growing States which was undoubtedly motivated.

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With such a composition of the Gradation Committee, it is not surprising that the interests of the jute industry were predominant and elements like colour, lustre and brightness were given weightage in determining the grade of jute which, even according to the Indian Standards Institution and Indian Jute Industries Research Association do not very much matter and have no bearing on the spinning quality of the fibre. Moreover, out of the 8 grades determined by this Committee, grade-1 is stated to be not available in the country and grade-8 is just rejection. The Committee see no justification for such a large number of grades for raw jute, which appear to have been introduced only for purposes of confusing and duping the jute grower. In fact, the large number of grades and want of any facility for their scientific determination through testing, which is done only by means of visual impressions which are highly subjective, give greater credence to the general complaints that jute is invariably bought from the grower by assigning grades such lower than the actual grade of his produce and paying for that lower grade. The same jute is then sold to the mills under a higher grade. The mills, in turn, further upgrade the same in their books and show payment of higher price therefor. In the process, not only undue benefits are reaped by the

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middlemen and the jute industry at the cost of the poor growers, but huge amounts of black money running into hundreds of millions of rupees are generated every year. The Committee, therefore, strongly recommend that the existing system of gradation of jute should be reviewed immediately with a view to reducing the grades to the minimum.

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The minimum statutory price, which must be a remunerative price based on realistic calculations of the cost of production as indicated in another Report of this Committee on the subject, should be fixed for the bottom grade.

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The Committee also recommend that the Review Committee to be formed for the purpose should provide dominant representation to the Kisan Sabha and jute growers. The Governments of all the jute growing States in the country should also be fully represented.

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The Committee would further urge that necessary facilities should be provided at the village level to educate the growers in the matter of determination of correct grade of their jute. The Committee note that the field staff of the Jute Corporation of India have virtually no work to do during a major portion of each year. In the opinion of the Committee, the education of jute growers at the village level in a simple methodology for determining the correct grade of jute, could well be undertaken by the staff of the Jute Corporation of India during their lean months. The jute growers should also be educated in the correct method of retting of jute to enable them to bring out better quality of jute.

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The Committee would also suggest that instead of issuing costly publications beyond the reach of poor growers, like the Indian Standards Institution publication of twelve pages relating to gradation of jute issued in August, 1975, and priced

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at Rs. 6 per copy, Government should issue cheap booklets in regional languages within the reach of poor growers, giving necessary details in respect of gradation of jute for the information and use of the growers.

- 11 2.57 The Committee also strongly recommend that the jute growers should be encouraged to produce better quality of jute by all possible means and in the process the statutory price, which has to be remunerative, should be linked to the bottom grade. For better quality of jute, there should be additional remuneration for the growers.
- 12 2.58 The Committee would earnestly request all the jute growing State Governments to reproduce the Reports of the Committee on Jute in local languages either for free distribution or for sale at a nominal price.
- 13 2.89—
2.91 The Committee are indeed very much astonished and distressed to note that whereas the poor jute grower, who is the actual producer of the golden fibre, is provided with practically no credit facility even for his inputs, the big jute industrialists and jute barons who are the owners of the jute mills are for reasons unknown, given most charitable and liberal credit for purchase of jute at a fraction of cost of the production, for processing of jute and for export of jute goods. Thus actually the jute buyers not only takes the jute but also takes along with it a pound of flesh of the grower every time he buys jute. For the exploiting operation, support and approval from Reserve Bank of India for the exploiter is not lacking. Loans at lower rates of interest are given for capital investment for modernisation, diversification, expansion and rehabilitation of jute industry. The industry also enjoys credit facilities for export in the shape of "pre-shipment

export credit" as also "post-shipment export credit", from commercial banks at a concessional rate of interest. Cash Compensatory support to Jute Industry is also provided by the Government against export of jute goods.

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The Committee regret that the jute growers who are most impoverished cultivators with hardly any other substantial source of income are continuously being ruthlessly exploited by the crafty jute industrialists, traders and their *dadandars* (people who pay advances against crops) and they are left to fend for themselves. It is a matter of common knowledge that the jute growers get almost no credit from Government agencies for inputs and subsistence and that they have to depend for this purpose upon private money-lenders who charge abnormally high rate of interest (upto 200 percent). As a consequence of this, the poor jute grower has always to remain under the grip of the private money-lenders who make advances on the understanding that the entire produce his jute will be given to them for a fraction of its real value. The poor grower has thus no option but to sell his jute to his creditors at prices dictated by them. This is known to one and all and the Reserve Bank of India and other concerned authorities have, in order to evade the issue, till date adopted a shuteyed policy which is deprecated. The Committee suspect that it is because of the fact that easy and liberal credit could have given the grower holding power which would have made it difficult for the industry and trade to get jute at buyer's price that partially no credit is made available for the jute grower, not to speak of giving it at

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to be advanced under the Differential Rate of Interest Scheme should be specifically earmarked for the use of the jute growers and proper publicity given to the same so that the jute growers are actually able to make use of that credit. In this connection, the Committee would like to remind the Reserve Bank of India that they are providing credit to wealthier persons going into shipping business at a low rate of interest of $7\frac{1}{2}$ per cent as against a minimum rate of 13 to 15 per cent normally charged by lending institutions on advances made to agriculturists including poor jute growers. At this very very low rate of interest, the multimillionaire users of jute also get loans under the Industrial Development Bank of India 'Soft Loan Scheme' for modernisation of jute industry. This, therefore, calls for a thorough probe into the functioning of the Reserve Bank of India.

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		money out of the profits of the industrial products. Such exercises should also be done in the case of other agro-based industries like tobacco, cotton and sugar.
19	2.96	The Committee also feel that there is a strong case for substantially increasing the total amount of credit allotted under the Differential Rate of Interest Scheme.
20	2.97	Another important aspect of provision of credit to the jute growers relates to the methodology for timely disbursement of such advances to them. With a view to ensuring elimination of avoidable and time-consuming formalities for disbursement of loans, the Committee are positive that it is the bounden duty of the Reserve Bank of India to ensure that the Banks formulate a Scheme whereunder their agents may visit the jute growing areas at specified intervals and make advances to the cultivators for thier inputs and subsistence at the time of sowing and at other appropriate times.
21	2.98	To sum up, the Committee feel that if the poor jute growers are really to be freed from the bondage of unscrupulous businessmen and money-lenders, it is imperative that the existing credit institutions must pay much greater attention to the problem and pump in very much more low interest credit to jute growers in the rural sector, commensurate with their needs. For this purpose, a time bound programme should be chalked out by the Central Government through coordination with the National Cooperative Development Corporation, the State Governments concerned, the Reserve Bank and other institutions concerned, and implemented from the coming season without fail. The entire responsibility for this should, however, rest with the Central Government and the Reserve Bank of India who should wake up from thier slumber.

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The Committee need hardly emphasise that in the survival of the jute grower lies the future of jute industry which has manifold impact on the country's economy and employment potential.
