

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

(SIXTH LOK SABHA)

EIGHTH REPORT

ON

JUTE CORPORATION OF INDIA LTD.

**[GOVERNMENT'S UNFAIR PRICING POLICY
FOR RAW JUTE]**

(MINISTRY OF INDUSTRY)

*Presented to Lok Sabha and Laid on Rajya Sabha on
25th April, 1978*



**LOK SABHA SECRETARIAT
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on Jute Corporation of India Ltd.

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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 Eighth Report on "Jute Corporation of India Ltd.—Government's Unfair Pricing Policy for Raw Jute".

The earlier Report of the Committee on the subject of Jute Corporation of India (viz. Third Report—Sixth Lok Sabha) had covered the topic of 'Jute and Exploitation of Jute Growers'. In that Report, it was stated that the Committee had decided to deal with various aspects of the problem of jute in detail by splitting the results of their examination into different Reports. This present Report is the second in the series and deals with pricing policy for raw jute.

Since 1972-73, the minimum prices of raw jute were put on a statutory basis and violation thereof was made punishable under the Essential Commodities Act. For this purpose, a minimum statutory price for raw jute is determined and announced by the Government from year to year on the basis of recommendation of the Agricultural Prices Commission, which in turn, is fed by the data of cost of production of jute, processed by the Directorate of Economics and Statistics, Ministry of Agriculture.

It is most distressing to note that during all these years the minimum prices of raw jute fixed by Government as also the prices being offered to the jute cultivators were much too inadequate.

It is most unfortunate that the very basis of the fixation of the said minimum statutory price, namely, the true first cost of cultivation of raw jute, had been deliberately kept by the various agencies concerned, at an unimaginably low figure of about Rs. 116 per quintal.

It is astonishing to find that as against the above-mentioned figure of Rs. 116 per quintal (for 1974-75) arrived at by the Directorate of Economics and Statistics, the true cost of cultivation of jute (including carrying to primary market), as calculated on a scientific basis by the Government of West Bengal, by far the largest jute-growing State, came to Rs. 344.34 per quintal in 1977-78. The Committee have thought it proper to add to this figure a return of 30

per cent to the growers, and on that basis, the Committee have recommended that the minimum price for bottom grade raw jute that must reach the hands of the jute-grower, should be fixed at Rs. 447.64 per quintal (1977-78) and for better grades of jute, incentives should be given to the growers in the form of increased prices. For Mesta also, which is only a variety of jute, the Committee have suggested that the minimum statutory remunerative price should be similarly fixed and there should not be any appreciable gap between the prices of the two.

The Committee have also suggested that the minimum statutory remunerative price for jute should be announced for Calcutta market as well by adding suitable and realistic transport and other charges involved in bringing jute to Calcutta from the areas where it is grown.

There is no doubt that in the entire process of collection, compilation and publication of data relating to cost of cultivation of jute and of fixation and announcement of minimum statutory price for raw jute, all these agencies including Directorate of Economics and Statistics, Agricultural Prices Commission and Ministry of Commerce (now Industry), have acted as the bitterest enemies of the poor jute grower. They completely sided with the jute industrialists and jute tycoons on the pretext of maintaining the so-called "viability of jute industry" and their anxiety to protect export market of jute manufactures from an imaginary "deleterious effect" of any increase in prices of raw-jute. This attitude opened flood-gate of exploitation of the poor jute cultivator by the jute industrialists and traders. It is most unfortunate to find that the Cabinet Committee on Food & Agriculture, at the material time, was also a party to this. The entire machinery was positively working for the jute industry and the jute traders' lobby, and in this process many palms must have been greased.

This sort of arrangement amounts to a dangerous economic offence having far reaching consequences, and it is the bounden duty of the Government to ensure that the commission of such an offence is no more allowed to be perpetuated. For this purpose, there is imperative need for immediate setting up of a special cell in the C.B.I. where a co-ordinated functioning of investigating officials, economists, sociologists etc. should be organised forthwith.

The role played by the Agricultural Prices Commission (under the Chairmanship of Dr. Dharam Narain) in recommending much too inadequate support price of raw-jute in collusion with the Directorate

of Economics and Statistics headed by Shri Ram Saran, till recently also the Member Secretary of the Agricultural Prices Commission, who manipulated and depressed the cost of production of raw jute in a calculated manner, is conspicuous and needs to be thoroughly and specially investigated with a view to fixing of responsibility and awarding of exemplary punishment to those found guilty. Pending such investigations, the top officials of these two organisations must immediately be replaced. In making this observation, bitter though it may be, the Committee were mindful of the fact that 'prevention is better than cure' and if Government is able to prevent commission of this sort of offence, it will prevent many more evils which arise as an outcome thereof, including malpractices indulged in by the jute industry which generate huge amount of black money running into hundreds of millions of rupees every year.

The Committee have, however, very strongly felt that one of the real solutions to the problem lies in the nationalisation of the entire jute and jute goods export trade.

The Committee considered and adopted the Report at their sitting held on the 24th April, 1978.

NEW DELHI;

April 24, 1978

Vaisakha 4, 1900 (Saka).

JYOTIRMOY BOSU,

Chairman,

Committee on Public Undertakings.

REPORT

GOVERNMENT'S UNFAIR PRICING POLICY FOR RAW JUTE

Since 1972-73, the minimum prices of raw jute have been put on a statutory basis and violation thereof has been made punishable under the Essential Commodities Act. For this purpose, a minimum statutory price for raw jute is announced by the Government from year to year.

2. It has been represented to the Committee that the minimum statutory price for jute is being fixed in a manner that the jute growers do not get back even a part of the cost of their cultivation. It has been emphasised before the Committee and its Study Groups with facts and figures that so long as this basic malady was not corrected, the whole exercise of protecting the interests of growers whether through the Jute Corporation of India or otherwise, would continue to be meaningless. It was further emphasised that the growers, who had gone on with jute cultivation only to maintain continuity of work on their lands, had been ruined and if the situation was not corrected without delay, they would have no other course but to give up jute cultivation and resort to crops of other agricultural commodities and because they had nothing else to do.

3. During the last four or five years, the minimum statutory price fixed by Government for raw jute has been varying between Rs. 125 and 140 per quintal. As against these official figures, demands have been made from various quarters that the minimum statutory price (at primary market) should be much more than what it is today.

4. During formal evidence, an eminent Member of Parliament, having close knowledge of cultivation of jute, has stated before the Committee:—

“Pricing of raw jute has been done in the interest, not of the jute growers but of the industrialists.”.

Another eminent witness, representing the growers, has stated in evidence:—

“Unless the jute growers are given adequately remunerative prices and jute production becomes attractive as a result of

that, they might convert jute fields into other fields of agriculture, thereby causing a serious crisis for the nation because jute is one of the major foreign exchange earners and also gives employment to many."

An eminent trade union leader (Shri Kamel Sarkar) has also stated during evidence:—

".....what we have to ensure is the remunerative price to the farmers. That is the first and important thing. Only then the peasants will grow raw jute instead of paddy or wheat."

5. The representatives of the Government of all the jute growing States namely West Bengal, Bihar, Assam, Orissa, Tripura etc. have also stated before the Committee that the growers must be given a remunerative price from the point of view of natural justice and also from the point of view of keeping the industry and the jute growers alive.

6. The representative of the Government of West Bengal has stated during evidence:—

"The price that we suggested, i.e., Rs. 180 per quintal was not suggested as a remunerative price, but as a rock bottom support price."

The representative of the Government of Tripura stated:—

"While fixing the price of jute, it should be ensured that there is parity with other food crops because, unlike other food crops, jute is meant only for sale, not for internal consumption.... It has to have parity mainly with paddy crop.... In fixing the minimum and the maximum prices, the transport and other handling expenses should be taken into account."

7. The obvious discontent and distress of the cultivators of jute is also reflected in the drop in area of cultivation of jute after 1967-68 and the inability to return to the cultivation figure of 1201 hectares (880 hectares for jute and 321 hectares for mesta), of that year during the last ten years, as will be seen from the following table:—

Area under Jute and Mesta

('000 hectares)

States	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
1	2	3	4	5	6	7	8	9	10	11
WEST BENGAL										
Jute	.	.	.	.	.	.	.	.	.	.
	496	269	438	407	461	367	419	370	335	441
Mesta	.	.	.	.	.	.	.	.	.	.
	56	42	62	66	62	48	69	48	32	209(28)
Total	.	.	.	.	.	.	.	.	.	.
	552	311	500	475	523	215	488	418	367	470
ASSAM										
Jute	.	.	.	.	.	.	.	.	.	.
	146	108	122	129	143	134	149	121	94	105
Mesta	.	.	.	.	.	.	.	.	.	.
	9	7	7	6	10	8	13	12	10	11(10)
Total	.	.	.	.	.	.	.	.	.	.
	155	115	129	135	153	142	162	133	104	116
BIHAR										
Jute	.	.	.	.	.	.	.	.	.	.
	158	90	138	142	131	131	144	105	100	126
Mesta	.	.	.	.	.	.	.	.	.	.
	38	25	33	36	32	31	38	28	20	31(29)
Total	.	.	.	.	.	.	.	.	.	.
	196	113	171	170	163	162	182	133	129	157
ORISSA										
Jute	.	.	.	.	.	.	.	.	.	.
	52	42	45	44	52	42	57	47	38	47

Mesta .	26	25	28	29	31	26	36	37	37	38(37)
Total ..	78	67	73	73	83	68	93	84	75	85
TRIPURA										
Jute .	12	7	7	8	9	8	8	6	6	6
Mesta .	13	7	8	9	10	10	11	9	10	10(10)
Total . . .	25	14	14	17	19	18	19	15	16	16
ANDHRA PRADESH										
Mesta . .	85	87	86	87	91	101	107	88	95	106(86)
UTTAR PRADESH										
Jute .	16	11	11	13	12	10	9	9	9	9
TOTAL										4
Jute	880	527	768	749	815	700	793	664	587	739
Mesta .	321	280	322	330	296	293	370	319	314	324(298)
Total . . .	1201	807	1090	1079	1111	993	1163	983	901	1063

Notes :—(1) Figures for Assam include Meghalaya upto 1968-69.

(2) For 1976-77, figures for jute are Final Estimates and those for Mesta are Second Estimates.

(3) Figures in brackets in Col. 11 are the corresponding estimates of area for 1975-76.

Source :—Directorate of Economic and Statistics, Ministry of Agriculture and Irrigation.

[Table I of APC Report for 1977-78]

8. The truth of the position, as stated by the growers, and other witnesses was also evident to the Committee from the following figures of very low per cent variations (over the preceding year) in the Index Numbers of wholesale prices of raw jute as compared to corresponding variations in respect of certain other important agricultural commodities (as per Economic Survey for 1976-77; p. 18).

Index Nos. of Wholesale Prices

(1970-71=100)

Commodities	Percentage variations over preceding year				Percent variations* March, 1977 over March, 1976
	1973-74 (Average)	1974-75 (Average)	1975-76 (Average)	1976-77* (Average)	
Raw Jute . . .	(—)10·00	5·1	12·9	8·3	7·5
Pulses	28·3	21·9	(—)15·8	(—)19·7	14·6
Raw Cotton .	51·0	22·1	(—)19·2	44·7	48·3
Oil Seeds	56·3	9·4	(—)27·0	20·0	84·1

During evidence, the representative of the Agricultural Prices Commission has also admitted when closely cross examined that the rise in market price of raw jute has been the lowest among agricultural commodities in the country during the last ten years.

9. Added to the position as reflected by the above statement, is the fact that while commodities like pulses, raw cotton and oilseeds go to produce articles of mass consumption by weaker sections of our society, the consumers in the case of jute, deeply involved in serious economic malpractices of all sorts, are one of the wealthiest sections of the society.

As such, in the prevailing situation in respect of raw jute pricing, the Committee saw an inherent danger of a fall in production of raw jute in the years to come, with resultant devastating effect on the Jute Industry, the survival and development of which are so essential not only from the point of view of earning of foreign exchange but also for continued direct employment of over 2 lakh workers engaged by the industry and also for domestic consumption of jute goods.

10. The Committee have therefore gone in detail into the whole mechanism of fixation and announcement of the minimum statutory price, which is discussed in the succeeding paragraphs.

*Provisional

11. The Committee have been informed that the statutory minimum price for raw jute is fixed and announced each year by the Government of India after taking into account the recommendations made in this behalf every year by the Agricultural Prices Commission.

12. The Committee have also been informed that for this purpose, the Agricultural Prices Commission submit their Report to Government every year and one of the important considerations in preparing this Report is that the cost of production should be covered. The figures relating to the cost of production are collected, compiled and furnished to the Commission by the Directorate of Economics and Statistics of the Ministry of Agriculture and Irrigation headed by Shri Ram Saran (till recently member-Secretary, Agricultural Prices Commission).

13. There are thus three exercises involved in the process, namely:—

- (a) Collection of basic data and determination of cost of cultivation;
- (b) Fixation and recommendation of the minimum statutory price for raw jute (which must be remunerative enough) by the Agricultural Prices Commission;
- (c) Formal announcement of the minimum statutory price by the Government; which should include true cost of production (including transportation to primary markets) and sufficient return.

In the succeeding paragraphs, the Committee have dealt with each of these exercises in greater detail.

(a) Collection of Basic Data and Determination of Cost of Production

14. In regard to determination of the cost of production, on the basis of which the Agricultural Prices Commission make their recommendations relating to minimum statutory price for raw jute, the Committee have been informed in written replies and during evidence that the basic data is collected, organised and assembled in the Directorate of Economics and Statistics (Ministry of Agriculture and Irrigation) and the figures of cost of production, as analysed by the said Directorate, are passed on to the Agricultural Prices Commission.

15. For collecting these data, the Directorate of Economics and Statistics have got some sort of a scheme for studying the cost of cultivation of principal crops. Under this scheme, work at the field level has been entrusted to Agricultural Universities in the respective States and the drill followed from the village level upwards.

16. The Committee find that in the State of West Bengal, the total strength of the staff employed by the Kalyani Agricultural University under the scheme for Studying Cost of Cultivation in respect of jute have in no year exceeded 30 fieldmen, four computers, 4 Field Supervisors, one Assistant Statistician, one Field Officer and one Officer Incharge.

17. The Committee find that in West Bengal Jute and Mesta are grown in areas of 441 thousand and 29 thousand hectares respectively, which makes a total of 4,70,000 hectares (1976-77 figure). Obviously a staff consisting of only 30 fieldsmen to cover such a big area where jute is grown in the State can hardly do any justice to the task of collection of data regarding cost of cultivation.

18. The Committee have also been informed during evidence that the entire cost of the scheme at Kalyani University, is borne by the Central Government.

19. In order to get an idea of the extent to which the officer-in-charge of the scheme in the University (Dr. Sain) could involve himself in this part time work, the Committee took his evidence and *inter alia* desired to know his total salary and the payment he received on account of this part time work.

Dr. Sain stated in reply that he was getting a monthly salary of Rs. 1900 and odd, and that for this work he was being paid only Rs. 200 per month by the Agriculture University.

20. The headings under which information is collected and compiled for determining the cost of production are as follows:—

- “1. Operational Cost (human labour-casual, attached, and family; bullock labour-hired and owned; machine labour—hired and owned; seeds; fertilizers and manure insecticides; irrigation charges and interest on working capital).
2. Fixed Cost (Rental value of owned land; rent paid for lease in land; land revenue, cesses and taxes, deprecia-

tion on implements and farm buildings; and interest on fixed capital).

21. The Committee have also been informed that fieldmen do not get in touch at all with the Local Government people. The Directorate of Economics and Statistics also strangely enough do not directly involve the State Governments concerned in the collection of data. It is only after the data become available to that Directorate that the compilation is sent by them to the State Governments concerned for their comments. It has been claimed that in several cases, the State Governments agree with the estimates, but if there is any difference of opinion, representatives of State Governments are called for discussion. At these discussions the State Governments present their data if necessary, which was contradicted by State Government spokesman.

22. In their exercise to find out the extent of difference between the correct figures of cost of cultivation of jute as prepared by the Directorate of Economics and Statistics on the one hand and the State Governments on the other, the Committee decided to have a closer look *vis-a-vis* figures prepared by the West Bengal Government (the largest jute growing State in the country) as a test case. The Committee found that according to the latest calculations (prepared on the basis of data collected in 1974-75) the cost of cultivation of one quintal of jute in West Bengal as assessed by the Directorate of Economics and Statistics was as low as Rs. 116.47 as against the West Bengal Government's figure of Rs. 344 per quintal (1977-78). This figure of West Bengal Government, however, does not include any profit or remuneration which should be put around 30 per cent making a total Rs. 447.64 paise per quintal.

23. The Committee accordingly also heard the Officers concerned with collection of data relating to cost of cultivation in the Socio-economic Evaluation Branch of Directorate of Agriculture, Government of West Bengal. During these discussions, the Committee were informed that according to the methodology adopted by the Government of West Bengal, 72 villages (in five districts) are taken up for collection of relevant data. In these villages 576 cultivators are selected for collecting the information. Each village is visited by the investigators of the Evaluation Branch of the Directorate of Agriculture for making record of different agricultural operations and the income and expenses thereof. In the data so

collected by the West Bengal Government in 1974-75 and the corresponding data collected and adopted by the Directorate of Economics and Statistics for West Bengal, the Committee found very wide variations in some of the important elements of cost.

24. During evidence, the Agricultural Economist of the Government of West Bengal informed the Committee that both the Directorate of Economics and Statistics and the West Bengal Government had prepared separate statements relating to cost of production of jute and that the two statements were discussed mutually by them. The representative of West Bengal Government stated:—

“Their cost estimates have been certainly on the low side.... We had submitted our comments on their cost estimates....and we were discussing the comments one by one. We had major differences regarding two particular cost items and about the methodology. Their cost estimates were based on actual market data while our cost estimates were based on statutory minimum wage of labour. Our methodology was not certainly inferior to theirs.... I was pressing the point for including management as a necessary and essential item of cost of production.... It was suggested by Shri Ram Saran (Economic and Statistical Adviser) that I should prepare a note as to why labour cost should be valued on the basis of minimum wages and why management cost should be considered as a separate item.”

25. The Committee also desired to find out as to what were the important items that were either omitted or grossly under valued at the field level namely, the University of Kalyani acting on behalf of Directorate of Economics and Statistics in West Bengal. The Committee, therefore, separately examined the Agricultural Economist of the Kalyani University, who is the Officer Incharge of the Comprehensive Scheme of cost of cultivation of principal crops in West Bengal, the Field Officer of the Comprehensive Scheme and the Assistant Statistics of the said Scheme.

26. Originally, Dr. Sain, Agricultural Economist, University of Kalyani, was to be heard by the Committee in November, 1977, but his evidence was postponed to January 1978.

It has come to the notice of the Committee that on each occasion, Dr. Sain was called to Delhi in advance by officers of the Directorate of Economics and Statistics, possibly to brief him about the manner in which information should be given to the Committee.

In November, 1977, Dr. Sain was also asked to meet the Chairman of the Committee at Calcutta. Before he did so, he was called to Delhi. Asked, during evidence on 3rd January, 1978, whether he was called expressly to be tutored what he should speak to the Chairman and what he should not speak, the witness stated:—

“That was one of the objectives.”

The witness (Dr. Sain) has also confirmed in evidence that before appearing before the Committee on 3-1-1978, he had discussions with officers of the Directorate of Economics and Statistics. In this regard, the witness stated:—

“We discussed as to what might be asked and things like that. Whenever we come, we have to discuss the matters.”

27. The Field Officer admitted during evidence that in 1973-74 and 1974-75, data were given by them to the Directorate of Economics and Statistics which included the cost of land but in the final calculations relating to those years, the cost of land was not included. During this evidence, it also came to the notice of the Committee that the data collected by the Kalyani University did not include any provision for managerial allowance (only the farmers' supervision on the basis of hours was included), packing cost, element of rejection, transportation to primary market etc.

28. After hearing separately, the representatives of the West Bengal Government and Kalyani University, it became clear to the Committee that there were serious differences of opinion not only between the State Government and Directorate of Economics and Statistics but even between the Directorate of Economics and Statistics and Officers of the Kalyani University attached to the Comprehensive Scheme for collection of data relating to cost of production. Accordingly the Committee again discussed the costing exercises followed by the Directorate of Economics and Statistics. During this evidence, the Committee went item by item and it transpired that their costing exercise was made to suffer from certain glaring deficiencies. These deficiencies, along with the cost, as taken into account, by the West Bengal Government are given below:—

S. No.	Deficiency in calculations of Dte. of Economics and statistics	Cost in respect of the item in Col.(2) as taken by West Bengal Government (Rs. per acre)
1.	Instead of interest on the cost of land (part of capital the Directorate take a token rental value of the land)	623.84
2.	The cost of transportation to primary market is not included in the data	6.58
3.	There is no provision for rejection of jute by the purchaser	3.92
4.	There is no provision for cost of storing the jute	5.60
5.	There is no provision for supervisory cost	480.00
6.	There is no provision on account of 'hazards' which have very often to be faced by jute cultivators	
7.	There is no provision for interest on borrowings by the cultivators from private money-lenders. (This item is only deemed to be covered as part of cash and kind expenses)	(Included in item 1 above)
8.	The cost of human labour and bullock labour has been shown at a very low scale (Rs. 530)	997.49
9.	There is very low provision for cost of pesticides (only 71 paise per hectare)	2.00
10.	Depreciation on implements is provided for on a very low scale	51.98
11.	No provision is made for cost of packing	
12.	Cost of Irrigation provided is too low (Re. 1)	11.53

29. The Committee were also told that there was only "some little staff" in the Directorate of Economics and Statistics at New Delhi to verify the data coming from the Universities. The analysis in the Directorate also took a lot of time. For instance, the data for 1975-76 were received in the Directorate from Kalyani University on 10th January, 1977 and its analysis in the Directorate was completed on 25th October, 1977 (i.e., 9-1/2 months).

30. In view of the glaring inadequacies and serious deliberate distortions in the calculations made by the agencies concerned in regard to cost of cultivation of jute, the Committee thought it fit to have the cost of production in West Bengal worked out scientifically by the representatives of the Government of West Bengal on the basis of latest figures pertaining to different items included in the calculations. At the instance of the Committee, the Government of West Bengal deputed special staff for the purpose and on the 9th January, 1978, they produced before the Committee the charts prepared by them as a result of the special exercises. Ac-

According to this chart, the average cost of cultivation of jute in West Bengal for 1977-78 worked out on the basis of preliminary study of a smaller sample (15 in each district) of jute growers in the various districts of West Bengal, came to Rs. 344/- per quintal (including by-product). The Committee discussed these charts item-wise with the officers concerned of the West Bengal Government and was fairly satisfied with the exercise. It was clear to them that the guidelines given by the Committee were intended only for their consideration and that they should revise their figures only where they were convinced that there was need for such revision.

31. In regard to managerial cost, the representative of the Agricultural Prices Commission had stated during evidence:—

“The margin of the price over and above the cost of production is taken to be the return to management expenditure, because production cost includes return to fixed capital, rental value of land.”

32. In reply to a further question, the witness admitted that there should be no discrimination between industry and agriculture in the matter of costing exercises to be followed for determining the cost of production in the case of the former and the cost of cultivation in the case of the latter.

33. The representatives of West Bengal Government confirmed during evidence, that the revised figures prepared by them were accurate, realistic, and, according to them, in the interests of the growers, the industry and in the interest of all others concerned. The witnesses also confirmed that they had found on a closer look that what the Committee had thought about the matter was fair and right.

34. In these revised calculations, formally submitted to the Committee through the Agricultural Commissioner of the Government of West Bengal, the Officers of the West Bengal Government arrived at an average figure (average of 3 zones worked by them) of Rs. 2377.27 as the cost of production of jute per acre for the study as a whole, which in turn worked out to Rs. 377.34 per quintal (including by-product) and Rs. 344.34 per quintal (excluding cost of by-product)*.

*On the basis of recommendations of the A.P.C., Government have fixed the minimum statutory price for 1977-78 at Rs. 136/- per quintal, *vide* para 50 of this Report.

35. Asked about the result of the application of data collected by them to other States like Bihar and Orissa, the witnesses stated that only the labour charges and the cost of land in those States would be somewhat lower. The witnesses added that as against this position, it had also to be kept in mind that the output per acre was also likely to be low in those States.

36. The Committee then desired to know as to what should be the fair return on the economic exercises, keeping in view the hazards involved in the cultivation of jute arising out of droughts and floods which were common phenomenon.

37. The representatives of West Bengal Government agreed that a minimum of 30 per cent return would be reasonable. On this basis, a fair remunerative price to the grower worked out to Rs. 447.64 per quintal (viz. Rs. 344.34 as cost of production plus Rs. 103.30 as return at the rate of 30 per cent).

38. During some of their sittings for taking evidence of non-official witnesses closely associated with cultivation of jute, it had been stressed before the Committee that one maund of jute should be equated with three maunds of paddy, because of the laborious processes required to be undergone for the production of jute and also because of uncertainty of crop. In this connection, attention of the Committee had been drawn to the following observation contained in the Government of West Bengal—Report of the Land Revenue Commission Bengal (under the Chairmanship of Shri Francis Floud)—1940 Vol. I:—

“If the price of jute was to remain at Rs. 7 or Rs. 8 per maund and the price of paddy at about Rs. 2.50 (8 annas) a maund, we believe that there would be little complaint from the agricultural community in regard to prices.”

(p. 99 *ibid*)

39. It is only after the detailed exercises mentioned above that the Committee saw the truth (suppressed so long in the findings given by Shri Francis Floud Commission. The detailed calculations made by the officers of West Bengal Government arriving at the figure of Rs. 344.34 per quintal as the average cost of cultivation of

1. The Paddy and Rice Enquiry Committee stated that this was the view of many competent witnesses—Report paragraph 44.

jute in West Bengal are given below:—

Jute in West Bengal—Estimates of Cost of Production (including reaching primary market)

(January, 1978)

Weighted average of cost estimates for 3 zones, viz. North Bengal, Western Bengal and Southern Bengal :

Items	Cost per acre (Rs.)
Human Labour	
Family	287.37
Hired	542.46
Bullock Labour	126.66
Seeds	19.04
Fertilisers and Manures	63.79
Plant protection chemicals	12.87
Depreciation of Implements	51.98
Irrigation	11.53
Land Revenue and Irrigation Tax	5.69
Interest on capital	623.84
Management	480.00
MISCELLANEOUS	
(a) Chemicals other than Fertilisers and Plant protection chemicals	2.00
(b) Bamboo for drying fibre	4.84
(c) Weight (e.g. Logs, Banana trunks, etc.) for steeping jute plant	2.00
(d) Hiring of sprayers, seed-drills, wheel hoes etc.	4.00
(e) Rent for hiring of retting tanks	8.41
(f) Others	0.50
MARKETING CHARGES	
(a) Cost of transport (up and down)	6.58
(b) Weight loss	12.98
(c) Rejection	3.92
(d) Storage and Godown Charges	3.60
(e) Brokerage	17.45
(f) Dhalta and Iswarbhatti	11.96

Items	Cost per acre (Rs.)
(g) Tola	7.00
(h) Others	5.00
TOTAL	2377.27
Yield per acre (Quintals)	6.30
Cost per quintal including by-product	Rs. 377.34
Cost per quintal excluding by-product	Rs. 344.34

NOTE :

1. Both family and hired labour have been evaluated on the basis of statutory minimum wages of Rs. 8-10 per day of 8 working hours.

2. Interest on capital has been considered to be 12% per annum calculated for six months. Capital includes land as well as bullocks and other fixed assets of farmers and working capital, i.e. all paid-out expenses. Land values have been calculated on the basis of weighted averages of values of irrigated and unirrigated land in the various districts of the State.

3. Management cost has been assessed @ Rs. 800.00 per month per 10 acres for a period of 6 months. This provision has been made for cost of management and supervision (including risk taking) which should be conceptually different from the cost of family labour. From the view-point of agricultural price policy, some 'normal' return to the managerial factor should evidently be included in the cost of production. Other expenses have been calculated on the basis of actual field data and through contact with agricultural officials.

4. The costs estimates for the State as a whole have been derived on the basis of a weighted average of the cost estimates for the 3 zones, the weights being the relative production in the 3 zones. To be precise, these weights are 27, 65 and 8 for Zone I, Zone II, and Zone III respectively out of a total of 100.

40. As regards Mesta, the cost of cultivation in West Bengal has been calculated by officers of the Agricultural Department of Government of West Bengal at Rs. 283.71 per quintal (excluding by-product) given below:

Items	Cost per acre (Rs.)	Physical Units
1	2	3
Human Labour	615.60	76 mandays
Bullock labour	120.00	24 bullock days
Seeds	30.00	6.0 Kg./acre
Fertilizers & Manures	36.00	FYM—3 cart load/acre
Plant Protection Chemicals	6.40	
Depreciation of Implements	13.50	
Irrigation . . . . .	..
Rent	4.00	
Interest on capital	229.40	Fixed and working capital @ 12% per annum.
Management	480.00	@ Rs. 80.00 per acre per month for six months.

1	2	3
Market Charges	53.10	Transport, weight loss, rejection, brokerage, storage, dhalla stotal etc.
Miscellaneous	8.00	Cost of Bamboo/Logs for steeping, hirving of retting tank etc.
TOTAL	1596.00	
Yield of masta fibre per acre (quintal)	4.90	
Value of by-product . (Rs) . .	205.80	
Cost per quintal of fibre (Rs.) excluding by-product)	283.71	
Cost per quintal of fibre (Rs.) (including by-product)	325.71	

(b) Fixation and recommendation of the minimum statutory price by the Agricultural Prices Commission.

41. The Committee desired to know as to what exercises were done in the Agricultural Prices Commission in connection with the fixation of the minimum statutory price for raw jute, after the cost of cultivation was known to them through the Directorate of Economics and Statistics. The reply furnished by the Commission is reproduced below:—

“The schedule of the Commission’s work relating to the formulation of its report on price policy for jute involves collection of information on various aspects of the jute economy, analysis and interpretation of the data, preparation of back-ground material, arrangement and conduct of the discussions with various jute interests and preparation of the report.

The preliminary work relating to the Report on price policy for jute for the ensuing crop year is normally started in the month of November of the preceding year. In the first instance, letters are sent to the Government of important jute growing States, Agricultural Production Commissioner and Director, Jute Development, Union Ministry of Agriculture and Irrigation, Jute Corporation of India, Jute Commissioner and Indian Jute Mills’ Association, eliciting information on various aspects of jute situation including crop prospects, supply and demand situation, progress of jute development programmes, price situation,

competition between paddy and jute, price support measures, involvement of cooperatives, purchase and sale policy of the Jute Corporation of India, estimates of cost of production, competition with Bangladesh and synthetic material in the international markets, prospects for the export of jute goods, cost of manufacturing jute goods, views on price policy, etc. Whatever data on the above aspects are available locally in the Ministry of Agriculture and Irrigation and the Ministry of Commerce, Civil Supplies and Cooperation are collected and compiled on a continuing basis.

On the basis of the information gathered by and made available to the Commission, various exercises are made. Estimates of cost of cultivation are made available by the Directorate of Economics and Statistics, Ministry of Agriculture and Irrigation on the basis of the Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops and those supplied by the State Government's concerned are examined by the Commission. Since these estimates invariably relate to a past year, information on possible changes that might have subsequently occurred therein is taken into account. The Commission also considers the changes in the relationship between the prices of jute and paddy and the trends in the prices of raw jute and jute products and examines the effectiveness of the measures taken by the Government to stabilise prices of jute purchase and sale policy of the Jute Corporation of India and its impact on prices received by jute growers, progress of jute development programmes in the major jute growing States, etc.

This is followed by discussions with the concerned officials of the State Governments, Jute Corporation of India Jute Commissioner, Ministries of Agricultural and Commerce, Director, Jute Development, Jute Agricultural Research Institute and Indian Jute Mills Association* in January-February. The background material and the points emerging out of discussions are considered by the Commission in preparing its Report. After the Commission has formed its views on various aspects of price policy, it finalises its Report and submits it to the Government usually in the month of February."

42. There are eight different grades** of jute, but the Commission recommends the minimum price for only one grade (Assam bottom)

* Jute Mills Owners Association.

** The question of gradation of Jute has been discussed in detail in another Report of the Committee.

and prices for the other varieties and grades are left to be fixed by the Jute Commissioner in the light of the relative differentials normally prevalent in their prices in the market.

43. In regard to the functions of the Agricultural Prices Commission, the Chairman of the Commission has informed the Committee during evidence that:—

“So far as support price is concerned, the object is to protect the farmer against undue fall in the prices as in the case of bumper crops, when the prices tend to fall to such an extent that they may not even cover the cost of production. The idea is to provide some kind of insurance cover to the farmer so that he would be induced to make the improvements which are suggested by our Extension Service so that productivity can be increased.”

44. The Committee find that the Commission was set up to advise the Government on their policy for agricultural commodities with a view to evolving a balanced and integrated price structure in the perspective of the overall needs of the economy and with due regard to the interests of the producers and the consumers.

45. Asked about the implication of the words “balanced and integrated price structure for the overall needs of the economy”, the witness stated:—

“That means that the interests of the producers have to be protected as well as the interests of the consumers and, therefore, some kind of balance has to be struck. Here there are two considerations. One consideration may suggest movement in one direction and the other consideration may suggest movement in the other direction. Some kind of a balance has to be struck as best as one could.”

46. In reply to another question about the integrated price structure, the witness stated:—

“If you go a little beyond in the terms of reference of the Commission, you will find that these include likely effect of price policies on the rest of the economy. One is enjoined by the terms of reference to take a comprehensive view of the whole question when one is considering the level of price. We only recommend prices and do not fix them.... That means that the cost of production should be covered.”

The witness has added:—

"We do take into account what the repercussions of a certain order of increase in a particular price will be on the cost of living, on wages, on exports etc., but these are several considerations to the exclusion of other considerations."

47. Asked as to the private organisations who are invited and consulted in the matter of fixation of price for raw jute, the Chairman, Agricultural Prices Commission has stated during evidence that:—

"We hold discussions with the Jute Commissioner, the IJMA, the IJRA and JCI"... "We have not consulted any Trade Unions."

48. As regards discussions with representatives of State Governments, to which references have been made by the Agricultural Prices Commission in the written note furnished by them and reproduced earlier in para 41 of this report, an indication of the degree of such consultation and of the extent to which the views of the State Governments are respected by the Commission, became available to the Committee during evidence of representatives of the State Governments concerned. A very senior officer of the Government of an important jute growing State stated before the Committee during the said evidence that:—

"Every year, we get this data after the report has been submitted to the Government of India by the APC. But as you will see, only certain components have been mentioned in the report of the APC. If you see their report of 1977-78 page 20, this would be clear. On the other hand, in our paper, we have shown such component separately. These two cannot, therefore, be compared. We are sticking to our components; we say that you have to accept these, but this is not being accepted."

* * * * *

The APC and the Government of India probably attach too much importance to the international ruling market price of these products. Although this is not stated openly we have that feeling.

* * * * *

We recommended a rock bottom price because we knew that the prevailing minimum price was and we knew also that if we recommended a much higher price, it would not be a possibility of being accepted. Even if we had recom-

mended a price of Rs. 200, the support price declared by the Government of India later would not have been more than what it turned out to be. I am quite definite about that."

49. The Committee also found that there was considerable time lag between the collection of data relating to cost of production of jute and the utilisation of that data by the Agricultural Prices Commission for fixation of support price for jute. In the meantime the cost of production goes up every day. For instance, the fixation of price in 1976-77 season was based on the data collected as early as in 1973-74. The representative of the Agricultural Prices Commission, however, claimed in evidence that the data collected in earlier years was updated before using the same for fixing the statutory price of a later year.

50. On a closer scrutiny of the latest report of the Agricultural Prices Commission relating to minimum statutory price of raw jute for the season 1977-78, the Committee is distressed to find that this Report does not substantiate the claim of the Commission that they update the data regarding cost of cultivation before arriving at the price to be recommended by them. The witness deliberately made a false statement. That data of cost of production used in this Report was collected in and related to the year 1974-75 and no change therein was made by the Commission, as will be seen from the statement given below which is based on the figures as included in the Report of the Commission for 1977-78 season:—

Name of State	Cost of Cultivation of one quintal of jute as computed by the Directorate of Economics & Statistics		Statutory Prices recommended by APC
	On the basis of data collected in 1974-75	As updated by APC for fixation of prices for 1977-78 season	
1	2	3	4
	Rs.		
For West Bengal	116.47	The APC have observed that Rs. 136/- per quintal "variations in input prices for W-5 grade of jute since 1974-75 do not suggest in Assam, that the cost of production would have undergone any appreciable changes over this period.	
For Assam	Rs. 89.99		
(Para 8 of APC Report read with Table 13 thereof)			

51. An indication of the Agricultural Prices Commission deliberately keeping itself away from truth and reality is also available from the following minute recorded by the Minister of Commerce on 3-6-77, in connection with the fixation of minimum statutory price of jute for the season 1977-78.

"It has been my experience that the recommendations of the Agricultural Prices Commission do not always bear close relevance to the reality. It is indeed surprising that the Commission was inclined to recommend the minimum price of Rs. 141 per quintal during the last year when the cost of cultivation was surely less than what it has been this year, and yet suggest a minimum price of Rs. 136 for the current year. We should, therefore, insist that the minimum price during this year be fixed at Rs. 141 per quintal."

52. In order to arrive at the reasons for the long time gap between the collection of the data regarding cost of cultivation and its availability to the Agricultural Prices Commission, the Committee also heard the Reader and the Agricultural Economist of the Kalyani University who is the Officer-in-Charge of the Comprehensive Scheme for Cost of Cultivation of Principal Crops in West Bengal, the Field Officer in the said Comprehensive Scheme and the Assistant Statistician of the Scheme. In this connection, the Reader and Agricultural Economist has stated during evidence:—

"The initial compilation is done at our end. . . . We collect data for the entire year. There are some fixed cost elements and there are some joint cost elements. These cost elements are to be apportioned and unless data for a particular year is available, the joint cost elements cannot be sub-divided. Therefore, if collection begins according to Bengali year on the 1st June, by the 31st May the collection process may not be complete, and after completion of this process at least three to six months are usually taken for compiling the data and apportion the joint cost elements. Therefore, for collection of data and compilation, it may take one and a half years and it is then sent to the Directorate of Economics and Statistics."

53. In reply to a question, the witness admitted that by that time, the cost of living would have gone up by 50 per cent or so.

54. As regards other factors taken into account by the Agricultural Prices Commission while determining the minimum statutory price,

the Committee find that in their Report for 1975, the Agricultural Prices Commission had referred to:—

"the possibilities of the jute manufacturers accommodating an increase in the price of raw jute without producing deleterious effect on the export market."

55. The Committee are also shocked to find from the Report of the Agricultural Prices Commission relating to fixation of minimum support price of jute for the season 1977-78 that the Commission did not recommend any increase over the last year's level and the recommendation of the Commission in this regard was worded as follows:—

"Keeping in view the different aspects of the jute economy including the viability of the processing industry, the Commission does not deem it advisable to effect any adjustment in the extent level of the statutory minimum price for raw jute. It accordingly recommends that the statutory minimum price for raw jute for the 1977-78 season be maintained at Rs. 186 per quintal for the W-5 grade of jute in Assam."

56. The Commission have also stated in that Report that "the constraint of jute prices deriving from the viability of the jute industry has indeed become so important as to call for a reinforced emphasis on the programme pertaining to the improvement in the yield and quality of the fibre. Here it is useful to recall that despite fiscal concession and cash subsidy on some items, the export of jute goods in 1975-76 dropped to 4.73 lakh tonnes from the level of 5.6 lakh tonnes in 1974-75."

57. In regard to the international prices of finished jute products as one of the factors taken into account by the Agricultural Prices Commission while fixing the minimum support price for raw jute, the representative of the Commission has stated during evidence:—

"The Commission gives due regard to all relevant factors..... among other exercises, it is also examined. The viability of the industry has to be there."

58. In reply to a further question, the witness admitted that it is very much wedded to the consideration as to whether the products are sold at support price and also their ability to compete in the foreign market. WHEN PRESSED THE WITNESS (APC) ALSO ADMITTED THAT THE COMMISSION DID NOT KNOW WHETHER THE INTERNATIONAL PRICES ON WHICH THEIR CALCULATIONS IN THIS REGARD WERE BASED WERE QUOTED LOW OR HIGH.

59. During evidence, the Committee also desired to know whether the Agricultural Prices Commission studied the production cost of jute manufactures of various varieties, being traditionally exported, while identifying the deleterious effect on the export market. In reply, the representative of the Commission stated:—

“Since we do not have the costing of the manufactures product, we ask this question with the Jute Commissioner on the basis of a data which is obtained from the Jute Commissioner.”

60. In this connection, the representative of the Agricultural Prices Commission had also informed the Committee during evidence that:—

“On the basis of the average market price of hessian and sacking, we worked back on the basis of cost as supplied by the Jute Commissioner to see what the desired jute price looks like.”

61. The Committee enquired from the Jute Commissioner as to the source from which he obtained his data relating to prices of jute manufacture in the foreign markets. The Jute Commissioner stated in reply during evidence:—

“There are three or four agencies through which I have been collecting the data, one is New York Office of IJIBA, another is STC office in New York. Thirdly, we also get Bangla Desh quotation.....So, we know what is the relevant position. We also see whether one mill is selling to the other for a premium or discount.”

62. As the jute industry is known to do widespread under invoice of exports of jute manufactures, the Committee desired to know how the viability of the industry was arrived at. The Jute Commissioner accepted in reply:—

“THERE IS CONSIDERABLE AMOUNT OF MALPRACTICE.”

(C) Formal Announcement of minimum statutory price by the Government.

63. As mentioned earlier, the Agricultural Prices Commission suggests the minimum statutory price for one variety of jute (Assam bottom) and leaves the minimum price for the other varieties and grades of jute to be fixed by the Jute Commissioner in the light of the relative differentials normally prevalent in the market.

64. The Committee have also been informed that the Agricultural Prices Commission's recommendations relating to minimum statutory

price for jute are considered by the Ministry of Industry (previously in the Ministry of Commerce). In this connection, the Special Secretary of the Ministry of Industry (Textiles) has stated during evidence:—

"We examine the Report of the Agricultural Prices Commission carefully from various aspects; trends in production, the price of raw jute in the country, the area under jute cultivation etc..... sometimes when we are not very happy about the RECOMMENDATIONS MADE BY THE AGRICULTURAL PRICES COMMISSION, WE ALSO MAKE OUR RECOMMENDATIONS.....IN THE YEAR 1975-76 WE FELT THAT THE AGRICULTURAL PRICES COMMISSION WOULD EVEN RECOMMEND A slightly better price....we examined it and then we did feel that there was scope for a different view and to have slightly better price. After careful consideration, the Government decided that we should accept the prices recommended by the Agricultural Prices Commission.....This is a matter which goes to the Cabinet."

65. In order to have first hand knowledge of the type of examination actually done in the Ministry of Industry (previously in the Ministry of Commerce), the Committee called for the original files relating to fixation of minimum statutory price for the seasons 1974-75, 1976-77 and 1977-78. The Committee found from those files that as soon as the comments/proposals of the Ministry of Commerce on the Report of the Agricultural Prices Commission are drawn up, they are also sent for comments to the Ministry of Agriculture and Irrigation, Planning Commission and the Ministry of Finance. Thereafter, the matter is placed before the Cabinet Committee on Food and Agriculture for a final decision.

66. With a view to finding out as to what extent the examination in the Ministry took care of the interests of the grower, the Committee had these files examined in greater detail.

67. On a scrutiny of the file relating to fixing of minimum statutory price for the season 1974-75, the Committee found that the Agricultural Prices Commission had recommended a price of Rs. 125 per quintal for that season and at the initial stages of examination of this recommendation in the Ministry of Commerce, a Junior Officer had pointed out in his note dated 21-3-1974.

"IT MAY BE MENTIONED THAT IN VARIOUS FORUMS INCLUDING THE HOUSES OF PARLIAMENT IT HAS BEEN REPRESENTED THAT THE MINIMUM PRICES FIXED FOR THE 1973-74 SEASON, I.E. RS. 125. PER

QUINTAL FOR ASSAM BOTTOM AT CALCUTTA IS UNREALISTIC IN AS MUCH AS THE COST OF PRODUCTION HAD GONE UP AND THE PRICE FIXED HAS NO RELEVANCE TO THE PRICE OF PADDY. THE WEST BENGAL GOVERNMENT HAD ALSO REPRESENTED FOR AN UPWARD REVISION OF THE STATUTORY MINIMUM PRICES. WE HAVE BEEN TELLING PARLIAMENT THAT THE STATUTORY MINIMUM PRICE IS FIXED ON THE BASIS OF THE RECOMMENDATION OF THE AGRICULTURAL PRICES COMMISSION WHICH GOES INTO VARIOUS FACTORS LIKE COST OF PRODUCTION INCLUDING REACHING PRIMARY MARKET, PADDY JUTE RATIO ETC.

In the present report the APC has recommended a price of Rs. 125 per quintal for Assam Bottom for all the up-country markets as against the price of Rs. 125 for Assam Bottom at Calcutta fixed for 1973-74 season. The derivative up-country markets for the 1973-74 season is Rs. 113 per quintal as against Rs. 100 during 1972-73 season. There is, therefore, an increase of 25 per cent over a limited period of 2 years. The price recommended for 1974-75 is also higher by 13 per cent over the previous year. The considerations which weighed with the Commission for recommending a price of Rs. 125 per quintal and not more are among other things: (a) an apprehension of the likely increase in the cost of production of jute manufactures in the world market whose export prospects are very bright in view of the energy crisis and concomitant increase in prices of substitutes; and (b) the relative inflexibility of the administered prices of Agricultural Commodities in relation to their open market prices."

68. Thereafter, there is a note dated 14-5-1974 on the file recorded by the Deputy Secretary after discussion with the Chairman/Managing Director and the Secretary of the Jute Corporation of India and also a brief discussion, with the Commerce Minister. In that note it has, *inter alia* been stated:—

"Our conclusion on the reasonableness of a level of Rs. 167.50 as a price remunerative to the farmer has been arrived at on the basis of a set of circumstances prevailing during the current year. But once a level of this nature is statutorily fixed, it may be difficult to lower a figure if a different set of circumstances warranting a lower price happens to prevail during the next season. As it is this price would only make our jute goods just competitive if not marginal-

ly uncompetitive. From the available reports on the price structure of substitutes it appears that we must be prepared for price re-adjustments to make jute goods competitive. We should not create a situation where we allow ourselves no room for manoeuvrability. It would, therefore, appear that the idea of a statutory fixation of prices at the level of Rs. 167.50 should be accepted with caution. A better mechanism would be to continue with the idea of the minimum support price which as per recommendations of the APC would be Rs. 125 for the Assam Bottom variety and which would work out to be anything up to Rs. 160 landed at Calcutta. At the same time, the JCI can be instructed to conduct its operations in a manner which would ensure a price of Rs. 167.50 for the Assam Bottom variety landed at Calcutta with the required varietal differences and differences for distances between Calcutta and the primary market. JCI should ensure that the grower gets at the primary level prices which represent a figure derived from Rs. 167.50 by deducting the actual transportation and other costs."

69. The Ministry of Commerce had recommended a minimum statutory price of Rs. 135 per quintal to the Cabinet Committee on Food, Agriculture and Rural Development. However, the said Committee approved a statutory minimum price of Rs. 125 only per quintal as recommended by the Agricultural Prices Commission. Representations were received by the Government that this price was too low and the note recorded by the Deputy Secretary concerned in the Ministry of Commerce on 17-7-1974 stated as follows:—

"The Bengal Chatkal Mazdoor Union in their letter dated 27-6-1974 addressed to CM have stated that at the meeting convened by the Commerce Minister in Calcutta on 27-4-74, all the Central Trade Unions had unanimously demanded that raw jute prices should be anything between Rs. 200 to Rs. 250 per quintal at the primary markets and not at the unremunerative prices of Rs. 157 per quintal for delivery at Calcutta. They had also stated that the jute growers were forced to sell their crop at throwaway prices of not more than Rs. 125 per quintal landed at Calcutta. ON ACCOUNT OF THIS POLICY, THE JUTE ACREAGE HAS COME DOWN TO 50 PER CENT. THEY HAVE POSED A QUESTION AS TO HOW THE JUTE PRICES HAVE NOT INCREASED WHEN THE PRICES OF

OTHER COMMERCIAL CROPS LIKE COTTON, GROUNDNUT, ETC., HAVE BEEN PUSHED UP. Attention in this connection is invited to the notes on pages.....wherein a decision was taken with the approval of CM that the statutory procurement prices at the primary levels will be notified from time to time in such a manner as to achieve an average price of Rs. 135 per quintal for Assam bottom recommended by the APC at Rs. 125 per quintal. This proposal was included in our note for the Cabinet Committee on Food and Agriculture and Rural Development for consideration *vide* pages.... However, in its meeting held on 29-6-1974, presided over by the Prime Minister, the Cabinet Committee on Food and Agriculture decided to approve without any modification the recommendations of the Agricultural Prices Commission. In other words, the statutory minimum price of Rs. 125 per quintal recommended by the APC was approved by the Committee for the uncountrry markets. We have already issued instructions to the Jute Commissioner to publish the prices accordingly."

70. Again, in the file relating to fixation of minimum statutory price for the seasons 1976-77, the Committee find that between the Ministry and the Cabinet Committee, the stress was more on competition that our jute goods have to face in the foreign market and the whole burden on that account was attempted to be shifted to the grower. The following two extracts reproduced from the Ministry's file are of interest:

Extract No. I: Extract from note recorded by the Joint Secretary.

"Statutory minimum price:

For the 1975-76 season, the Commission had recommended the statutory minimum price of Rs. 135 per quintal for Assam Bottom and comparable varieties, at the up-country markets. It had been our assessment that the statutory minimum price recommended might be inadequate, considering the necessity to grow jute, particularly when the open market prices of paddy were distinctly higher. We had taken the proposal to the Cabinet Committee on Food and Agriculture, to fix the statutory minimum price at Rs. 145 per quintal, but our proposal was not accepted mainly because the Committee had felt that, in the context of the overall policy of Government to contain inflation, the price recommended by the Commission should be

adequate. The Agricultural Prices Commission have now recommended a price of Rs. 140 per quintal for Assam Bottom, thus giving an increase of Rs. 5 per quintal..... In the year 1975-76, thanks to a bumper paddy crop, the price relationship between paddy and jute, has now turned distinctly in favour of the latter. On this account, it may be difficult for us to argue for a higher price for raw jute, especially when the jute goods are facing a difficult demand situation, in the market abroad, resulting from the competitions offered both by synthetic product and by Bangladesh, the latter having taken to systematic undercutting of our prices, with the facility obtained by them from the devaluation of their currency."

Extract No. II: Relevant portion from the note submitted by the Ministry of Commerce to the Cabinet Committee on Food and Agriculture.

"The recommendation of the Agricultural Prices Commission to fix the statutory minimum price for Assam Bottom Variety, in the upcountry markets at Rs. 140 per quintal would mean an increase of Rs. 5 per quintal compared to the price that was recommended by the Commission for 1975-76 season and was accepted by the Government. In its report the Commission has observed that for the first time the data on the cost of production of raw jute for Orissa and West Bengal for the 1973-74 season became available to it. The estimate of average cost have been updated by the Commission to take account of increase in the minimum wages for farm labour and the charges in the prices of other inputs like fertilizers, bullock labour etc. While recommending the price of Rs. 140 per quintal for Assam Bottom Variety the Commission has kept in view the available data on the cost of production and other relevant considerations including the international aspects of the jute economy.

The decline in the acreage under jute in the 1974-75, as also the 1975-76 seasons, has been a cause of concern to the Ministry of Commerce; and if the trend is not reversed, the jute mills already functioning in the country, will not have adequate raw material, to sustain themselves in full production. However, during the year 1975-76, the jute paddy price parity moved in favour of jute and hence, provided weather conditions remain favourable, it is anticipated that the raw jute crop in the 1976-77 season would

be larger in size than that obtained in either of the two preceding years. Apart from this favourable expectation, on account of the recession in export demand for jute goods, as also the stiff competition offered by synthetic substitutes in the foreign markets, there is very limited scope for offering much higher minimum support prices for raw jute. Taking all these factors into account, the Ministry of Commerce is of the view that the recommendation of the Commission, suggesting a price of Rs. 140 per quintal for Assam Bottom Variety in the upcountry market may be accepted."

71. The recommendation made in the above-mentioned note was not accepted by the Cabinet Committee who decided to fix the minimum statutory price only at Rs. 135 per quintal.

72. The Committee desired to find out whether the exercises between the Ministry of Commerce (now in the Ministry of Industry) and the Cabinet Committee, which themselves take about five to six months and delay the announcement of the minimum statutory price, were worth their while and whether any change was ultimately brought about in the prices as recommended by the Agricultural Prices Commission.

73. In this connection, the following table, taken from the Report of the Agricultural Prices Commission in respect of jute price for 1977-78 season shows that almost invariably, only the price recommended by the Commission is ultimately approved by the Government (Cabinet Committee on Food and Agriculture):—

Minimum Support Prices for Jute (Assam bottom)

Year	Minimum Support Price for delivery at Calcutta		Minimum support prices for upcountry markets	
	As recommended by the Commission	As fixed by the Government	As recommended by the Commission	As fixed by Government for Nowgong (Assam)
1	2	3	4	5
1966-67	93.72	93.77	..	..
1967-68	96.45	107.17	..	86.46
1968-69	107.17	107.17	..	..
1969-70	107.17	107.17	..	86.54
1970-71	107.17	107.17	..	89.75

1	2	3	4	5
1971-72	113.87	113.87	..	96.45
1972-73*	115.00	115.00	..	100.00
1973-74*	125.00	125.00	..	115.00
1974-75*			125.00	125.00
1975-76*			135.00	135.00
1976-77* :			140.00	135.00 (** 136.00)

*Statutory minimum Prices.

**Relates to W-5 grade jute in Assam.

Notes :

1. For the period from 1966-67 to 1970-71, the Agricultural Prices Commission recommended that the derivative prices for upcountry markets be fixed by the Jute Commissioner with whatever adjustments were considered necessary on account of rationalisation of freight and other incidental charges.
2. For 1971-72, 1972-73 and 1973-74 the Commission recommended that the derivative minimum prices for the respective grades of jute for the upcountry markets be fixed subject to the proviso that the differential between the minimum support prices in Calcutta and the upcountry markets did not exceed Rs. 17.41 per quintal, Rs. 15.00 per quintal and Rs. 12.00 per quintal respectively.
3. For 1974-75, 1975-76 and 1976-77 the Agricultural Prices Commission recommended that the statutory minimum price for Assam Bottom and comparable varieties and grades of jute be fixed uniformly for all the upcountry markets at Rs. 125.00, Rs. 135.00 and Rs. 140.00 per quintal, respectively. The Government fixed the statutory minimum prices for Assam Bottom jute at Rs. 125.00 for 1974-75 and Rs. 135.00 for 1975-76 and 1976-77. The Jute Commissioner however fixed statutory minimum prices for the 1976-77 season in terms of the revised I.S.I. grades; the price fixed for W-5 grade of jute in Assam was Rs. 136.00 per quintal.

74. There was some improvement in the position in 1977-78, in as much as the price of Rs. 136 recommended by the Commission was increased to Rs. 141 per quintal by the Ministry of Commerce which was approved by the Cabinet Committee on Food and Agriculture.

75. The fact that the jute grower does not even get the minimum statutory price fixed by the Government, is clear from the following Table relating to "difference between market prices and statutory minimum prices, 1975-76", reproduced from the Report of the Agricultural Prices Commission itself relating to the jute season of 1976-77—

(Rs. per quintal)

Assam					Bihar			
	Nowgong (Bottom)	Difference	Barpeta Road (Bottom)	Difference	Purnea (Bottom)	Difference	Chakia (Bottom)	Difference
1	2	3	4	5	6	7	8	9
Statutory Minimum Price	135.00		135.00		128.00		111.50	
July, 1970		I	135.00		115.00	13.00		
		II			120.00	8.00		
		III			120.00	8.00		
		IV			125.00	3.00		
August	135.00		132.50	2.50	127.00	1.00		
		II	130.00	5.00	127.00	1.00		
	130.00	5.00	127.50	7.50	127.00	1.00		
		IV	132.50	2.50	124.00	4.00		
		V	130.00	5.00	14.00	4.00		
September, 1975		I	128.75	6.25	122.00	6.00		
		II	130.00	5.00	124.00	4.00		
	130.00	5.00	127.50	7.50	126.00	2.00		
	135.00		125.00	10.00	128.00			

	1	2	3	4	5	6	7	8	9
October, 1975									
	I	133.75	1.25	128.75	6.25	128.00	..	110.00	1.50
	II	132.50	2.50	130.10	5.00			107.50	4.00
	III	132.50	2.50	132.50	2.50	..		107.50	4.00
	IV			132.50	2.50			102.50	2.00
	V	132.50	2.50	132.50	2.50			100.00	11.50
November, 1975									
	I	132.50	2.50	132.50	2.50			102.50	9.00
	II	135.00		132.50	2.50			100.00	11.50
	III	435.00		132.50	2.50			97.50	14.00
	IV			132.00	2.50				
December, 1975									
	I	1350.0	..	132.50	2.50	128.00		105.00	650
	II	132.50	2.50	132.50	2.50			105.00	6.50
	III			135.00	..			105.00	6.50
	IV							107.50	4.00

(Rs. per quintal)

		Orissa			West Bengal				
		Danpur (Bottom)	Difference	Sheoraphuli (Top)	Difference	Samsi (Bottom)	Difference		
		10	11	12	13	14	15		
Statutory Minimum Price		146' 50		205' 00		131' 50			
July 1975	I								
	II								
	III								
	IV								
August	I					129' 45	2' 05		
	II								
	III				4' 06				
	IV				4' 06				
	V				4' 06				
September, 1975	I			198' 26	6' 74				
	II			192' 50	12' 50				
	III	146' 00	0' 50	187' 54	17' 46				
	IV	146' 00	0' 50	187' 54	17' 46	127' 33	4' 17		

I	10	11	12	13	14	15
October						
	146.50	..	187.54	17.46	128.45	9.05
I						
II	146.50	..	187.54	17.46	125.21	6.29
III	146.50	..	187.54	17.46	123.68	7.82
IV	146.50	..	190.22	14.78	123.08	8.42
V	146.50	..	192.90	12.10	123.08	8.42
November, 1975						
I	146.50	..	190.90	14.10	128.59	2.91
II	146.50	..	195.58	9.42	130.51	0.99
III	146.50	..	195.58	9.42		
IV			195.58	9.42		
December, 1975						
I			190.58	14.42		
II			192.90	12.10		
III			198.26	6.74		
IV			200.94	4.06		

Delay in announcement of minimum statutory price of jute

76. The following table shows the time lag between the submission of the Report of the Agricultural Prices Commission on minimum Statutory price for raw jute, and the publication of this Report by the Government:—

Report for season	Year of collection of data about cost of production, relied upon by the A.P.C.	Date of submission or report of A.P.C. to Government	Date of publication of A.P.C. Report by Government
1975-76	*	14-2-1975	27-10-1975
1976-77	1973-74	27-2-1976	7-12-1976
1977-78	1974-75	21-2-1976	15-10-77

77. Representations have been made to the Committee that due to late announcement of statutory minimum prices of jute, the farmers are not in a position to know at the time of sowing (January-February) whether it would be economical for them to go in for jute crop or to cultivate something else.

78. During evidence, representatives of the Governments of Jute growing States also demanded an early announcement of minimum statutory price of jute. The representative of the West Bengal Government stated:—

“The support price should be announced, so far as West Bengal Government is concerned and so far as other States are concerned, no later than the end of January for the following season.”

Secretary (Agriculture) has also admitted during evidence that:—

“I find that the prices have been announced by the time the jute comes into the market. It would have been ideal if the prices for jute had been announced before the sowing season. I fully agree from the point of view of farmer.”

*Estimates of cost from the comprehensive scheme for studying the cost of cultivation of principal crops were not available.

79. An indication of realisation in the Ministry of Commerce of the need to announce the minimum statutory price of jute at the sowing time itself is also available on the file of that Ministry relating to fixation of minimum price for the season 1977-78. In his detailed note dated 26th May, 1977 on the subject, Secretary, Commerce, had *inter alia* recorded in that file:—

“I MAY ADD THAT THERE IS ALMOST A JUTE FAMINE THIS YEAR. THE DESIRABILITY OF MORE RAW JUTE IN THE MARKET CANNOT BE OVER-EMPHASISED. THIS CAN ONLY BE DONE BY ANNOUNCING A MINIMUM PRICE AT THE OF SOWING NOW WHICH MAY STIPULATE THE GROWERS TO EXPAND THEIR PRODUCTION BOTH IN ACREAGE, QUALITY AND QUANTITY. WE FIND THAT THE ANNOUNCEMENT OF MINIMUM PRICE BECOMES A VERY SIGNIFICANT FACT FOR THE JUTE GROWERS.”

Announcement of Statutory Prices for Calcutta Market

80. It will be seen from the Table reproduced in para 73 above that before 1974-75, the minimum statutory price for raw jute used to be fixed and announced for delivery at Calcutta. However, from 1974-75 onwards the minimum price is announced only for the up-country markets and not for Calcutta.

81. It was brought to the notice of the Committee that the non-fixation of a minimum price for the Calcutta market gave the mills a golden opportunity to dampen the market prices at Calcutta and once the prices at Calcutta were depressed the upcountry market prices also ruled very low and even below the minimum prices fixed for those markets. This is indeed a tricky method, not uncommon in Jute Trade and Industry and the Government have abetted it all along.

82. The Committee, therefore, called for the file of the Ministry relating to fixation of price for the year 1974-75 and found therefrom that a departure from the past practice (of fixing and announcing the minimum price for Calcutta market) was recommended by the Agricultural Prices Commission in the following terms:—

“An important fact that needs to be borne in mind in this connection is that the support to jute prices in a year of bumper crop is required most in the distant upcountry markets, RATHER THAN IN THOSE IN AND AROUND CALCUTTA WHERE THE JUTE PROCESSING INDUSTRY IS LOCATED. This is because, given the highly

localised character of the jute manufacturing industry, the private processor—as also the trader—is under an inducement to save on the cost of transport by making purchases in the nearer rather than in distant markets. And when he does purchase in the latter, it is alleged, he tends to pay less than the minimum support price fixed for these markets. In this connection, it may be pointed out that a narrowing, over the years, of the differential allowed in the minimum support prices fixed for Calcutta and the upcountry markets has produced a two-fold effect; on the one hand, it has presently resulted in a uniform differential (of Rs. 12 per quintal) thus implying a uniform support price for the same variety of jute in the different upcountry markets, and, on the other, since the differential now falls short of the actual cost of movement between Calcutta and the distant upcountry markets, it has given rise to the malpractice of the private purchaser of jute paying to the grower the minimum support price fixed for Calcutta minus the actual cost of movement, thereby depriving the grower of the benefit of the support prices fixed for these markets.

THE COMMISSION THEREFORE, CONSIDERS IT DESIRABLE TO MAKE A DEPARTURE FROM THE PRACTICE OF RECOMMENDING A MINIMUM PRICE FOR JUTE DELIVERED AT CALCUTTA FROM WHICH THE CORRESPONDING PRICES FOR THE UPCOUNTRY MARKETS USED TO BE DERIVED AND TO RECOMMEND INSTEAD A SUPPORT PRICE AT THE GROWERS' LEVEL WHICH, FOR A GIVEN VARIETY AND GRADE, WOULD BE UNIFORM IN THE DIFFERENT UPCOUNTRY MARKETS."

(Paras 6 and 7 of APC Report for 1974-75 Season).

83. To the reading of the Committee, this is a clear example as to how the Agricultural Prices Commission (Chairman Dr. Dharam Narain) whose sole job is to safeguard interests of the agriculturists, made out a case through jugglery of words against fixation of statutory price of jute in Calcutta where huge quantities of jute are sold and purchased generally at the buyers' price.

84. From different evidences that the Committee have heard from the Agricultural Prices Commission, and other witnesses they are quite clear in their mind that as far as jute is concerned the Agricultural Prices Commission was positively working for the jute industry and traders' lobby and no doubt many 'palms must have been greased' in order to enable the jute industry lobby to achieve this

end. It is, therefore necessary that CBI should make a thorough probe in the matter to identify the actual culprits for exemplary punishments. The Committee feel that this is a different and dangerous category of economic offence and for tackling such offence there should be a special cell in the C.B.I. where a co-ordinated functioning of investigating officials economists sociologists etc. should be organised forthwith.

The Committee are also mindful of the fact that 'prevention is better than cure' and if Government is able to prevent commission of this sort of offence it will prevent many more evils which come as an outcome thereof.

85. The Committee also find that in 1974-75 the Jute Commissioner had made pressing demands on the Ministry of Commerce that a minimum price for Calcutta should also be announced because otherwise due to large carry over stocks from the previous season the mills might try to dampen the market at Calcutta to which the upcountry markets had been traditionally looking for the prices to be offered to the growers. The proposal was however, opposed by no body other than the Chairman, Agricultural Prices Commission (Dr. Dharam Narain), supposed to be the custodian of the Agriculturists' interest, on the ground that once the minimum prices for any variety were simultaneously announced for the related upcountry market and also Calcutta, it could easily be seen that the difference between the two prices was only the equivalent of freight and handling charges. This would mean a departure from the earlier decision of Government that upcountry growers, who were farther away from Calcutta market, should not be made to suffer the burden of the entire freight charges. This is yet one of the many other instances where it could clearly be seen that the Agricultural Prices Commission was most effective advocate of the jute tycoons, vigorously working against the poor jute growers' interests. The Committee have not the slightest doubt that there are corrupt people in this organisation which needs immediate detection and punishment. Pending C.B.I. probe and action the present set up of Agriculture Prices Commission must be replaced forthwith. The same thing should also apply to the Economics and Statistics Directorate the functioning of which has been described earlier in this Report.

86. The proposal as expected was ultimately dropped as, in the meantime, the situation had changed and the prices in Calcutta market ruled very high with the result that no need was felt to fix the minimum price for the Calcutta market.

87. Again from a scrutiny of the file relating to the prices for 1976-77 season the Committee were horrified to note that:

- (1) In 1976-77, the Agricultural Prices Commission made no recommendation at all in their Report for that year, about fixation of price for Calcutta market.

When the proposals for accepting the recommendations of the APC in regard to the minimum statutory price of Jute were submitted to the Cabinet, no mention was made about fixation of price for Calcutta market.

(The Committee are quite clear in their mind that this is one of the heinous criminal offences that the Agricultural Prices Commission and other concerned authorities have committed with impunity and this calls for identification of officials and politicians responsible, and infliction of punishment on them.)

- (2) The Jute Commissioner in his letter dated 22nd July, 1976, addressed to Joint Secretary, Ministry of Commerce, made a specific recommendation that the minimum prices at Calcutta should also be fixed statutorily.
- (3) On 14-9-1976, the Joint Secretary in the Ministry of Commerce expressed an opinion on the file that there was a good case for fixing minimum statutory price in Calcutta market also.
- (4) On 16-9-76, the Joint Secretary, Ministry of Commerce, wrote a D.O. letter to Secretary, Ministry of Agriculture, seeking concurrence of the Ministry of Agriculture to the proposal for fixing the minimum prices of different varieties of jute in Calcutta market.
- (5) While no reply was issued to the Jute Commissioner's letter dated 22-7-76, his proposal for fixation of minimum price for Calcutta market was discussed at a meeting on 27-9-76 which was chaired by Secretary (Agriculture) and where Joint Secretary, Ministry of Commerce was also present. At that meeting, Joint Secretary, Ministry of Commerce is reported to have stated that in view of some improvements in securing prices to the jute growers, the Commerce Ministry would not press for their proposal for the fixation of statutory prices of raw jute for the Calcutta market immediately.

- (6) Also, no reply to the D.O. letter to Secretary, Agriculture dated 16-9-76 seems to have been received in the Ministry of Commerce. There are communications between the Ministry of Agriculture and Ministry of Commerce on the file after that date relating to fixation of jute price, but none of them makes any mention about the price for Calcutta market.
- (7) The communications and other papers on the file after 16-9-76 make specific mention of reports about the prices of raw jute in different centres having fallen even below the minimum prices fixed by the Jute Commissioner. In spite of this, there is no communication on the file showing any initiative from any side (including Jute Commissioner) about further pursuance of the earlier proposal for fixation of minimum price for the Calcutta market.

88. From the events stated above, the Committee cannot but conclude that the Agricultural Prices Commission, and some officials of the Ministries of Commerce and Agriculture at the material time were in collusion with each others to safeguard the exploiting interest of the jute tycoons. The Committee are astonished to see that nowhere the Minister is seen coming out to prevent this which leads to a thinking that at the helm of these things the Minister also assumed an active role in protecting the jute industry's interests undoubtedly for some substantial consideration.

89. It is also seen from the above stated developments in 1974-75 and in 1976-77 seasons that while in 1974-75 the proposal for fixing the minimum price of jute for Calcutta market was dropped on the ground that prices all over the country had picked up to levels well over the minimum statutory price, in 1976-77 the falling prices (even below the minimum statutory price) were not made an argument for fixing the prices for Calcutta market as well.

90. The Committee, by now understanding the mode of functioning of the corrupt personnel of the Agricultural Prices Commission, and the Ministries of Commerce and Agriculture & Irrigation are not at all surprised to note this action.

91. It should be clearly understood that the minimum statutory price (which has to be remunerative) should be fixed for the up-country market, and for the Calcutta market, the cost of transport, handling etc. should be added and that should form the basis of the price in Calcutta market.

92. During evidence of representatives of the Ministry of Industry, the Committee desired to know as to why they did not press for declaration of minimum statutory price for jute for the Calcutta market. The representative of the Ministry stated in reply:—

“In 1976-77, we had taken up with the Ministry of Agriculture, but they were not in favour of taking it up, because they were saying that by the time we took it up the prices would start rising. So, we did not press our view point.”

93. In reply to another question, the witness stated:

“We discussed this matter with the Ministry of Agriculture and they were quite definite that this would affect the growers adversely because they were working backward from the price in Calcutta and to that extent, the growers would be adversely affected. That was the point of view expressed by them. Subsequently, by the time, we considered it again, it became not applicable because the price had already moved.”

94. Asked as to whether it was not most unreasonable and illogical, and whether the price for Calcutta market should not be fixed now, the witness stated:

“Certainly.”

95. The Managing Director of the JCI has also expressed himself in favour of declaring a minimum statutory price for Calcutta market, and stated during evidence:—

“From the Corporation side we had been insisting for years that a statutory price has to be fixed in Calcutta also. Otherwise there is no meaning in having a fixed price for up-countries alone.”

96. The Committee desired to have the views of the Jute Commissioner on the question of announcement of minimum statutory price for the Calcutta market. The Jute Commissioner stated during evidence that there should be a minimum price for Calcutta.

97. It is a matter of deep regret that the Ministry of Agriculture and Irrigation and the Agricultural Prices Commission (under the Chairmanship of Dr. Dharam Narain) who are supposed to further the cause of agriculturists, have acted as the bitterest enemies of the jute growers in that they completely sided with the jute tycoons

and opened flood gate of exploitation by the latter. The Committee are also positive that the Commerce Ministry too was wholly an abetter in this nefarious game.

98. As already stated in the earlier Report* of the Committee on Jute Corporation of India one of the important objectives for which the Jute Corporation of India was set up was to ensure for the jute growers a proper remunerative and fair price for his produce and thereby sustain his interest in jute growing and in economic advancement of the country. The Committee note that as an important pre-requisite to the achievement of this objective, the minimum prices (not remunerative price) of raw jute were put on a statutory basis from 1972-73 onwards. The Committee further note that between 1972-73 and 1977-78 the minimum statutory price fixed for raw jute was increased from a trifling Rs. 100 per quintal to a mere Rs. 141 per quintal, which comparatively was very much less than the corresponding increase in the prices of other important agricultural commodities like pulses, raw cotton, oil seeds etc. In view of this position and representations made to the Committee by the Jute growers and other eminent persons like Members of Parliament and Members of State Legislatures, closely connected with the cultivation of jute, to the effect that the minimum prices fixed by Government as also the prices being offered to the jute cultivators were much too inadequate and did not cover even part of their cost of cultivation, the Committee have gone in detail into the drills and demonstrations (for consumption of the public) gone through by different concerned agencies of Government viz. Directorate of Economics and Statistics (Adviser, Shri Ram Saran), the Agricultural Prices Commission (Chairman, Dr. Dharam Narain), Ministry of Agriculture and Irrigation and the Ministry of Commerce (now Ministry of Industry).

99. The Committee note that the minimum statutory prices for raw jute are determined and announced by the Government on the basis of recommendations of the Agricultural Prices Commission (Chairman, Dr. Dharam Narain) which relies on the figures of cost of production made available to it by the Directorate of Economics and Statistics (Adviser, Shri Ram Saran till recently also Member Secretary, Agricultural Prices Commission) in the Ministry of Agriculture & Irrigation which in turn passes on the baby of the so called work of collection of basic data for the purpose to Agricultural Universities in the various jute growing States, where the officers-in-charge of the scheme of collection of data work only on a part-time basis (like Dr. Sain in the Kalyani University being paid

*3rd Report of CPU (6th Lok Sabha).

Rs. 200/- p.m. for this work). The Committee find that the figures of cost of cultivation of jute so collected and processed by these agencies very widely from the figures separately collected by the Agriculture Departments of the State Governments concerned especially West Bengal, by far the largest jute growing State. In view of the glaring inadequacies and serious distortions (created deliberately) in the costs of various items included in the calculations for determining the cost of production, the Committee had the exercises done over again on a selective basis, by the Agriculture Department of the Government of West Bengal.

The Committee were astonished to find that as against the 1974-75 cost of production of trifling Rs. 116.47 per quintal of jute in West Bengal, supplied by the Directorate of Economics and Statistics (Adviser Shri Ram Saran, till recently also Member Secretary, Agricultural Prices Commission), and relied upon without any further up-dating by the Agricultural Prices Commission (Chairman Dr. Dharam Narain) in formulating their recommendations for a minimum statutory price for 1977-78 season, the true and real cost of production of this golden fibre (as in 1977-78) turned out to be Rs. 344.34 per quintal (excluding the by-product).

This figure is thrice as much the amount determined by the Economics and Statistics Directorate. The reading of the Committee is that this is a clear case where the Economics and Statistics Directorate (Adviser Shri Ram Saran, till recently also Member Secretary, Agricultural Prices Commission) whose sole job is to give true and correct reflection of what an agriculturist spends for production on a particular item, made out a grossly under-estimated costing chart covering production of jute, by omitting various important items and at the same time reducing the actuals in many other items to unimaginably low levels (e.g. 71 paise per hectare for cost of pesticides). They have, therefore, obviously served the economic interests of the jute industrialists and jute tycoons alone to the detriment of the poor jute growers.

100. In view of the vast disparity between the figures of genuine cost of cultivation as calculated by the Government of West Bengal and the depressed and manipulated figures as calculated by the Directorate of Economics and Statistics, the Committee require that the entire exercise of calculation of data relating to cost of cultivation of jute should be exclusively left to the State Governments concerned, who are the people on the spot and who are answerable to the actual growers of jute in their respective States. The Cen-

tral Government should be responsible only for coordination and immediate announcement of minimum statutory price, which has to be remunerative.

101. The Committee are also positive that there is imperative need for stepping up the pace of collection and processing of the data pertaining to cost of production so that the figures collected and compiled by the State Governments in this regard relate to the immediate past.

102. According to the calculations made by the Government of West Bengal, by far the largest jute growing state, the average cost of cultivation of raw jute in that State (including the cost of reaching the primary market) in 1977-78 worked out to Rs. 344.34 per quintal (excluding cost of by-product). The Committee, therefore, strongly recommend that the minimum statutory remunerative price for raw jute should in no case be fixed below Rs. 447.64 per quintal (1977-78).

This amount includes the cost of cultivation as ascertained by the Agriculture Department of the Government of West Bengal, by far the largest jute growing State, plus a return of 30 per cent to the growers as suggested by the representatives of the West Bengal Government when they tendered evidence before the Committee. The Committee are in full agreement with the spokesmen of jute growing States that a remunerative price would mean true cost of production (including reaching primary market) plus 30 per cent return to the grower. The Committee also recommend that this price should apply only to the bottom grade of jute and for higher grades sufficient incentive should be given in the shape of higher prices to the growers.

103. At the level of the Agricultural Prices Commission (Chairman Dr. Dharam Narain) also the Committee are astonished to find that while fixing the price of jute, the Agricultural Prices Commission (Chairman Dr. Dharam Narain) relied on cost of production figures manipulated and depressed in a planned manner, which amounted to collusion with the Directorate of Economics and Statistics (Shri Ram Saran, Adviser, till recently also Member Secretary Agricultural Prices Commission) in order to serve the unholy financial interests of the jute industrialists and jute tycoons at the cost of poor jute growers.

The Agricultural Prices Commission have tried to justify their action under the garb of utterances like "overall needs of the economy", which have not been spelt out. In taking into consideration

the so called "balanced and integrated view of the matter and the overall needs of the economy", the Agricultural Prices Commission does not appear to have given any serious consideration towards the genuine needs of the cultivators of jute.

The Agricultural Prices Commission have also claimed before the Committee that consultations are made by them with the State Governments concerned before finalising their recommendations in regard to the minimum statutory price for raw jute. A true indication of what exactly happens at such consultations has been provided to the Committee during evidence of a very senior officer of the Government of one of the leading jute growing States, who stated before the Committee:—

"We recommended a rock bottom price because we knew what the prevailing minimum price was and we knew also that if we recommended a much higher price, it would not be a possibility of being accepted. Even if we had recommended a price of Rs. 200, the support price declared by the Government of India later would not have been more than what it turned out to be. I am quite definite about that."

104. The figures relating to international prices of jute manufactures, which form the basis of the viability of the jute industry as put forward by the Agricultural Prices Commission, are supplied to the Commission by the Jute Commissioner. The Jute Commissioner has himself admitted during evidence that in the jute industry:—

"There is considerable amount of malpractice."

This leaves no doubt that the figures collected by the Jute Commissioner and furnished to the Agricultural Prices Commission are not the true figures and might not, therefore, be relied upon in the matter of determination of viability of the industry.

105. Regarding the examination of the recommendations of the Agricultural Prices Commission by the Ministry of Industry (Previously the Ministry of Commerce), the Committee regret to observe that in spite of pointed notes at junior levels on the files of the Ministry, that in various forums including the Parliament it has been represented that the minimum price fixed is unrealistic in as much as cost of production had gone up and the price fixed had no relevance to the price of paddy, no serious effort appears to have been made at any higher level in the Ministry to take their decisions on the reality of the situation. On the other hand, the Committee find that though the Ministry of Commerce had, in a note dt.

14-5-74 relating to the 1974-75 season, come to the conclusion that on the basis of a set of circumstances prevailing during that year, a pricing level of Rs. 167.50 per quintal for raw jute was reasonable, the position was altered in the very next sentence by stating that once a level of that nature was statutorily fixed it might be difficult to lower the figure if a different set of circumstances so warranted.

106. As a result of detailed discussion with representatives of the Directorate of Economics and Statistics, the Agricultural Prices Commission and the Ministry of Industry and on the basis of notings in the Ministry's files, the Committee have come to the definite conclusion that all those whose opinions matter in the formulation and announcement of minimum statutory price of raw jute are solely concerned with looking after the interests of the jute industrialists and jute tycoons, and it is no body's concern to bother about the interests of the poor grower so as to ensure him a remunerative price for his survival. In this situation, the Committee see a serious danger of the cultivator of jute being forced to switch over to other crops, with resultant fall in production of raw jute in the years to come, leading to a devastating effect on the jute industry, the survival and development of which are so essential not only from the point of view of earning of foreign exchange but also for maintaining continuity of employment for over two lakh workers, who are also in a miserable state directly engaged by the industry. The Committee are astonished to note that even at the level of the Cabinet Committee on Food and Agriculture, which takes a final decision in regard to the minimum statutory price for raw jute, importance has been attached only to the interests of the jute industry, with the result that even the legitimate interests of the poor growers have not been cared for. For example, in the matter of fixation of minimum statutory price for the 1976-77 season, the said Cabinet Committee reduced Rs. 5 per quintal even from the price recommended by the Agricultural Prices Commission and supported by the Ministry of Commerce.

107. It is a matter of deep regret that the Ministry of Agriculture & Irrigation especially the Directorate of Economics & Statistics (Adviser Shri Ram Saran till recently also Member Secretary, Agricultural Prices Commission), and the Agricultural Prices Commission (Chairman Dr. Dharam Narain) who are supposed to further the cause of agriculturists, have acted as the bitterest enemies of the jute growers in that they completely sided with the jute tycoons and opened flood-gate of exploitation by the latter. The Committee also are positive that the Commerce Ministry too was wholly an abettor in this nefarious game.

108. The Committee need hardly stress that fixation of minimum statutory price of jute and other agricultural commodities without taking into full consideration the actual cost of production and ensuring a fair return on investment has resulted in continued depression of prices of agricultural products over the years. This has led to fast impoverishment of the rural areas in the jute growing states most of which are in Eastern Zone, and worsening of living conditions in the villages as also the drift of population to the urban areas. The Committee feel that if the rural economy is to be strengthened and the peasants are to be prevented from getting perished, it is imperative that the price of jute and other agricultural products is fixed realistically in such a manner as would ensure the cultivator a fair and remunerative return.

109. The Committee consider that the Agricultural Prices Commission has no business, unless they had a motive behind this, to go in for verification of viability of the jute industry, whilst their assignment is to acquaint the Government about the fair remunerative price of the commodity. It is quite clear to the Committee that the Agricultural Prices Commission (headed by Dr. Dharam Narain) and the Economics and Statistics Directorate (headed by Shri Ram Saran) were more concerned about the profits of the 'Industry' rather than ensuring a remunerative price for the agriculturists. In the opinion of the Committee, the industry should, in the first instance, be made to pay a fair and remunerative price for raw jute to the cultivator which, as already recommended by the Committee, should not be less than Rs. 447.64 per quintal (1977-78) for the bottom grade. Thereafter if the Government after thorough verification find that it is not really possible for the Industry to compete in the foreign market, the Government of India may, after fully satisfying themselves about the genuineness of the industry's claim, subsidise them suitably, if necessary, to make their products competitive in the interests of export earnings for the country.

110. The Committee, however, very strongly feel that one of the real solutions to the problem lies in the nationalisation of the entire jute and jute goods export trade.

111. The Committee are concerned to note that there is an unusually long time lag of about ten months between the date of submission of the Report of the Agricultural Prices Commission and the date of publication of this Report by Government, as a result of which the farmer knows the minimum statutory price of his product only after most of the jute crop has already been sold. This, the Committee apprehend, is definitely done at the behest of the jute industrialists and jute tycoons.

112. As admitted by representatives of the Ministry of Agriculture and Industry and also the representatives of the State Governments concerned, there is full justification in the demand of the farmers that the minimum price for raw jute should be made known to them well before the time of sowing itself. The Committee accordingly recommend that the entire exercise of collection of data of cost of cultivation and formulation and announcement of the minimum statutory remunerative price should be rescheduled in a manner as to enable the announcement of minimum statutory remunerative prices for the crop of a particular year at the time of sowing itself, that is in January—February of that year.

113. Another aspect of announcement of minimum statutory price for raw jute relates to the markets in respect of which such minimum statutory price is announced. In this connection, the Committee find that while upto and including the 1973-74 season, minimum prices of jute were announced for Calcutta, the position was changed from 1974-75 onwards when minimum prices began to be announced only for the upcountry markets and not for Calcutta. This was undoubtedly done by the authorities concerned in order to help the jute industrialists and jute tycoons to extend the field of plunder at the cost of jute growers. There is ample evidence available in the material furnished to the Committee that though the Jute Commissioner has been pressing for announcement of the price for Calcutta market also, and the Ministry of Commerce have been supporting that demand, the prices continue to be announced only for upcountry markets because of opposition from the Ministry of Agriculture. This has not surprised the Committee. In 1974-75, the proposal for announcement of the minimum statutory price for Calcutta market was opposed by the Chairman, Agricultural Prices Commission (Dr. Dharam Narain), and the proposal was ultimately dropped on the ground that the situation had since changed and the market prices in Calcutta Market ruled very high with the result that no need was felt to fix the minimum price for the Calcutta market. What has astonished the Committee further is the fact that in 1976-77 season, even when the prices of raw jute fell below the statutory minimum price, the request of the Jute Commissioner for announcement of minimum statutory price for Calcutta was not taken seriously at the Government level. The reason is not at all difficult for the Committee to understand.

114. Both the Managing Director of the Jute Corporation and the Jute Commissioner have, during evidence, pressed for announcement

of a minimum statutory price for the Calcutta market to avoid dampening of the prices there by the Jute mills with consequent depressing results on the prices in the up country markets. The Ministry have also accepted the need for the same. The Committee, therefore, see no valid reason why a minimum statutory remunerative price of jute for Calcutta market should not be announced immediately. They, therefore require that minimum statutory remunerative price for Calcutta market should also be announced by Government immediately.

115. In conclusion, the Committee cannot help expressing a feeling of utter distress over the fact that as against the true first cost of cultivation of jute of Rs. 344.34 per quintal in West Bengal, the fixation of minimum statutory price has all along been fraudulently based on a deliberately depressed figure of cost of cultivation of about Rs. 116 per quintal. As a result, the poor jute grower has every time been giving a pound of flesh with his jute. This big fraud has been played upon him by persons in authority at the national level.

From the written material received by the Committee from different sources and the tenor of evidence tendered before them by the Statistical Adviser in the Directorate of Economics & Statistics (Shri Ram Saran—till recently also the Member-Secretary of the Agricultural Prices Commission), the Chairman of the Agricultural Prices Commission (Dr Dharam Narain), representatives of the Ministry of Agriculture and Irrigation and representatives of the Ministry of Commerce, (Industry), the Committee have no doubt that in the entire process of collection, compilation and publication of data relating to cost of cultivation of jute and of fixation and announcement of minimum statutory price for raw jute, all these agencies, instead of safeguarding the cause of the improverished agriculturists, have acted as the bitterest enemies of the poor jute growers in that they completely sided with the jute industrialists and jute tycoons and thereby opened flood-gate of exploitation of the poor jute cultivator by the jute industrialists and traders. The Committee also find that the Cabinet Committee on Food and Agriculture, at the material time was also a party. There is, therefore, no doubt that the entire machinery was positively working for the jute industry and the jute traders' lobby, and in this process many palms must have been greased.

116. The Committee look upon this sort of arrangement as a different and dangerous category of economic offence having far reaching consequences, and it is the bounden duty of the Government to ensure that the commission of such an offence is no more allowed to be perpetuated. For this purpose, there is imperative need for

immediate setting up of a special cell in the C.B.I. where a co-ordinated functioning of investigating officials, economists, sociologists etc. should be organised forthwith. In the commission of this offence, the role played by the Directorate of Economics & Statistics (with Shri Ram Saran as Statistical Adviser) and the Agricultural Prices Commission (under the Chairmanship of Dr. Dharam Narain) is conspicuous and needs to be thoroughly and specially investigated, with a view to fixing of responsibility and awarding of exemplary punishment to those found guilty. Pending conduct of such investigations, the top officials of these two organisations must immediately be replaced. In making this observation, bitter though it may be, the Committee are mindful of the fact that 'prevention is better than cure' and if Government is able to prevent commission of this sort of offence, it will prevent many more evils which arise as an outcome thereof, including malpractices indulged in by the jute industry which generate huge amount of black money running into hundreds of millions of rupees every year.

117. Coming now to the fixation and announcement of minimum statutory price for raw jute on the basis of realistic calculations of the true cost of production of jute, the Committee are positive that such a price has to be remunerative to the jute grower in whose survival lies the future of the jute industry which has manifold impact on the country's economy and employment potential. From this point of view, there can be no two opinions about the fact that on the basis of the scientifically collected latest data of the Government of West Bengal, the true first cost of cultivation of jute (including reaching the primary market) is of the order of Rs. 344.34 per quintal (1977-78). To this must be added a return of 30 per cent to the grower, which has been stated to be only just and fair by the representatives of the Government of West Bengal which is by far the largest jute growing State and where the survival of the peasantry is very much wedded to the jute prices. On this basis, the minimum price that must reach the hands of the jute grower works out to Rs. 447.64 per quintal (1977-78), which the Committee strongly recommend for adoption as the minimum statutory remunerative price. The Committee are also of the considered and confirmed view that this minimum price should apply to the bottom grade of jute in the primary markets and for better grades, incentives should be given to the growers in the form of increased prices.

118. The price of Mesta, which is only a variety of jute, should also similarly be fixed and there should not be any appreciable gap between the prices of the two.

119. The Committee also strongly recommend that Government should as well announce minimum statutory remunerative prices for the Calcutta markets by adding suitable and realistic transport and other charges involved in bringing jute to Calcutta from the areas where it is grown, including its handling and keeping.

NEW DELHI;
April 24, 1978

Vaisakha 4, 1900 (Saka)

JYOTIRMOY BOSU,
Chairman,

Committee on Public Undertakings.

APPENDIX

Summary of Conclusions/Recommendations of the Committee on Public Undertakings contained in the Report.

S. No.	Reference to para No. in the Report	Summary of conclusions/ Recommendations
(1)	(2)	(3)
1	98	<p>As already stated in the earlier Report* of the Committee on Jute Corporation of India, one of the important objectives for which the Jute Corporation of India was set up was to ensure for the jute growers a proper remunerative and fair price for his produce and thereby sustain his interest in jute growing and in economic advancement of the country. The Committee note that as an important pre-requisite to the achievement of this objective, the minimum prices (not remunerative price) of raw jute were put on a statutory basis from 1972-73 onwards. The Committee further note that between 1972-73 and 1977-78 the minimum statutory price fixed for raw jute was increased from a trifling Rs. 100 per quintal to mere Rs. 141 per quintal, which comparatively was very much less than the corresponding increase in the prices of other important agricultural commodities like pulses, raw cotton, oil seeds etc. In view of this position and representations made to the Committee by the jute growers and other eminent persons like Members of Parliament and Members of State Legislatures, closely connected with the cultivation of jute, to the effect that the minimum prices fixed by Government as also the prices being offered to the jute cultivators were must too inadequate and did not cover even part of their cost of cultivation, the Committee have</p>

*3rd Report of CPU (6th Lok Sabha).

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gone in detail into the drills and demonstrations (for consumption of the public) gone through by different concerned agencies of Government viz., Directorate of Economics and Statistics (Adviser, Shri Ram Saran), the Agricultural Prices Commission (Chairman Dr. Dharam Narain), Ministry of Agriculture and Irrigation and the Ministry of Commerce (now Ministry of Industry).

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The Committee note that the minimum statutory prices for raw jute are determined and announced by the Government on the basis of recommendations of the Agricultural Prices Commission (Chairman Dr. Dharam Narain) which relies on the figures of cost of production made available to it by the Directorate of Economics and Statistics (Adviser Shri Ram Saran till recently also Member Secretary, Agricultural Prices Commission) in the Ministry of Agriculture and Irrigation which in turn passes on the baby of the so called work of collection of basic data for the purpose to Agricultural Universities in the various jute growing States, where the officers-in-charge of the scheme of collection of data work only on a part-time basis (like Dr. Sain in the Kalyani University being paid Rs. 200/- p.m. for this work). The Committee find that the figures of cost of cultivation of jute so collected and processed by these agencies very widely from the figures separately collected by the Agriculture Departments of the State Governments concerned especially West Bengal, by far the largest jute growing State. In view of the glaring inadequacies and serious distortions (created deliberately) in the costs of various items included in the calculations for determining the cost of production, the Committee had the exercises done over again on a selective basis, by the Agriculture Department of the Government of West Bengal.

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The Committee were astonished to find that as against the 1974-75 cost of production of trifling Rs. 116.47 per quintal of jute in West Bengal, supplied by the Directorate of Economic and Statistics (Adviser Shri Ram Saran, till recently also Member Secretary, Agricultural Prices Commission), and relied upon without any further updating by the Agricultural Prices Commission (Chairman Dr. Dharam Narain) in formulating their recommendations for a minimum statutory price for 1977-78 season, the true and real cost of production of this golden fibre (as in 1977-78) turned out to be Rs. 344.34 per quintal (excluding the by-product). This figure is thrice as much the amount determined by the Economics and Statistics Directorate. The reading of the Committee is that this is a clear case where the Economic and Statistics Directorate (Adviser Shri Ram Saran, till recently also Member Secretary, Agricultural Prices Commission) whose sole job is to give true and correct reflection of what an agriculturist spends for production on a particular item, made out a grossly under-estimated costing chart covering production of jute, by omitting various important items and at the same time reducing the actuals in many other items to unimaginably low levels (e.g. 71 paise per hectare for cost of pesticides). They have, therefore, obviously served the economic interests of the jute industrialists and jute tycoons alone to the detriment of the poor jute growers.

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In view of the vast disparity between the figures of genuine cost of cultivation as calculated by the Government of West Bengal and the depressed and manipulated figures as calculated by the Directorate of Economics and Statistics, the Committee require that the entire exercise of calculation of data relating to cost of cultivation of jute should be exclusively left to the State Governments concerned, who are the

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people on the spot and who are answerable to the actual growers of jute in their respective States. The Central Government should be responsible only for coordination and immediate announcement of minimum statutory price, which has to be remunerative.

4 101 The Committee are also positive that there is imperative need for stepping up the pace of collection and processing of the data pertaining to cost of production so that the figures collected and compiled by the State Governments in this regard relate to the immediate past.

5 102 According to the calculations made by the Government of West Bengal, by far the largest jute growing state, the average cost of cultivation of raw jute in that State (including the cost of reaching the primary market) in 1977-78 worked out to Rs. 344.34 per quintal (excluding cost of by-product). The Committee therefore, strongly recommend that the minimum statutory remunerative price for raw jute should in no case be fixed below Rs. 447.64 per quintal (1977-78).

This amount includes the cost of cultivation as ascertained by the Agriculture Department of the Government of West Bengal, by far the largest jute growing State, plus a return of 30 per cent to the growers as suggested by the representatives of the West Bengal Government when they tendered evidence before the Committee. The committee are in full agreement with the spokesmen of the jute growing States that a remunerative price would mean true cost of production (including reaching primary market) plus 30 per cent return to the growers. The Committee also recommend that this price should apply only to the bottom grade of jute and for higher grades sufficient incentive should be given in the shape of higher prices to the growers.

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6	103	<p>At the level of the Agricultural Prices Commission (Chairman Dr. Dharam Narain) also the Committee are astonished to find that while fixing the price of jute, the Agricultural Prices Commission (Chairman Dr. Dharam Narain) relied on cost of production figures manipulated and depressed in a planned manner, which amounted to collusion with the Directorate of Economics and Statistics (Shri Ram Saran, Adviser, till recently also Member Secretary Agricultural Prices Commission) in order to serve the unholy financial interests of the jute industrialists and jute tycoons at the cost of poor jute growers.</p> <p>The Agricultural Prices Commission have tried to justify their action under the garb of utterances like "overall needs of the economy", which have not been spelt out. In taking into consideration the so called "balanced and integrated view of the matter and the overall needs of the economy", the Agricultural Prices Commission does not appear to have given any serious consideration towards the genuine needs of the cultivators of jute.</p> <p>The Agricultural Prices Commission have also claimed before the Committee that consultations are made by them with the State Governments concerned before finalising their recommendations in regard to the minimum statutory price for raw jute. A true indication of what exactly happens at such consultations has been provided to the Committee during evidence of a very senior officer of the Government of one of the leading jute growing States, who stated before the Committee:—</p> <p>"We recommended a rock bottom price because we knew what the prevailing minimum price was and we knew also that if we recommended a much higher</p>

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price, it would not be a possibility of being accepted. Even if we had recommended a price of Rs. 200, the support price declared by the Government of India later would not have been more than what it turned out to be. I am quite definite about that."

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The figures relating to international prices of jute manufactures, which form the basis of the viability of the jute industry as put forward by the Agricultural Prices Commission, are supplied to the Commission by the Jute Commissioner. The Jute Commissioner has himself admitted during evidence that in the jute industry:—

"There is considerable amount of malpractice."

This leaves no doubt that the figures collected by the Jute Commissioner and furnished to the Agricultural Prices Commission are not the true figures and might not, therefore, be relied upon in the matter of determination of viability of the industry.

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Regarding the examination of the recommendations of the Agricultural Prices Commission by the Ministry of Industry (Previously the Ministry of Commerce), the Committee regret to observe that in spite of pointed notes at junior levels on the files of the Ministry, that in various forums including the Parliament it has been represented that the minimum price fixed is unrealistic in as much as cost of production had gone up and the price fixed had no relevance to the price of paddy, no serious effort appears to have been made at any higher level in the Ministry to take their decisions on the reality of the situation. On the other hand, the Committee find that though the Ministry of Commerce had, in a note dt. 14-5-74 relating to the

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1974-75 season, come to the conclusion that on the basis of a set of circumstances prevailing during that year, a pricing level of Rs. 167.50 per quintal for raw jute was reasonable, the position was altered in the very next sentence by stating that once a level of that nature was statutorily fixed it might be difficult to lower the figure if a different set of circumstances so warranted.

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As a result of detailed discussion with representatives of the Directorate of Economics and Statistics, the Agricultural Prices Commission and the Ministry of Industry and on the basis of notings in the Ministry's files, the Committee have come to the definite conclusion that all those whose opinions matter in the formulation and announcement of minimum statutory price of raw jute are solely concerned with looking after the interests of the jute industrialists and jute tycoons, and it is no body's concern to bother about the interests of the poor grower so as to ensure him a remunerative price for his survival. In this situation, the Committee see a serious danger of the cultivator of jute being forced to switch over to other crops, with resultant fall in production of raw jute in the years to come, leading to a devastating effect on the jute industry, the survival and development of which are so essential not only from the point of view of earning of foreign exchange but also for maintaining continuity of employment for over two lakh workers, who are also in a miserable state directly engaged by the industry. The Committee are astonished to note that even at the level of the Cabinet Committee on Food and Agriculture, which takes a final decision in regard to the minimum statutory price for raw jute, importance has been attached only to the interests of the jute industry, with the result that even the legitimate interests of the poor growers have not been cared for. For

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		example, in the matter of fixation of minimum statutory price for the 1976-77 season, the said Cabinet Committee reduced Rs. 5 per quintal even from the price recommended by the Agricultural Prices Commission and supported by the Ministry of Commerce.
10	197	It is a matter of deep regret that the Ministry of Agriculture & Irrigation especially the Directorate of Economics & Statistics (Adviser Shri Ram Saran—till recently also Member Secretary, Agricultural Prices Commission), and the Agricultural Prices Commission (Chairman Dr. Dharam Narain) who are supposed to further the cause of agriculturists have acted as the bitterest enemies of the jute growers in that they completely sided with the jute tycoons and opened flood-gate of exploitation by the latter. The Committee also are positive that the Commerce Ministry too was wholly an abetter in this nefarious game.
41	108	The Committee need hardly stress that fixation of minimum statutory price of jute and other agricultural commodities without taking into full consideration the actual cost of production and ensuring a fair return on investment has resulted in continued depression of prices of agricultural products over the years. This has led to fast impoverishment of the rural areas in the jute growing states most of which are in Eastern Zone, and worsening of living conditions in the villages as also the drift of population to the urban areas. The Committee feel that if the rural economy is to be strengthened and the peasants are to be prevented from getting perished, it is imperative that the price of jute and other agricultural products is fixed realistically in such a manner as would ensure the cultivator a fair and remunerative return.
12	109	The Committee consider that the Agricultural Prices Commission has no business, unless they

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		<p>had a motive behind this, to go in for verification of viability of the jute industry, whilst their assignment is to acquaint the Government about the fair remunerative price of the commodity. It is quite clear to the Committee that the Agricultural Prices Commission (headed by Dr. Dharam Narain) and the Economic and Statistics Directorate (headed by Shri Ram Saran) were more concerned about the profits of the 'Industry' rather than ensuring a remunerative price for the agriculturists. In the opinion of the Committee the industry should, in the first instance, be made to pay fair and remunerative price for raw jute to the cultivator which, as already recommended by the Committee, should not be less than Rs. 447.64 per quintal (1977-78) for the bottom grade. Thereafter if the Government after thorough verification find that it is not really possible for the Industry to compete in the foreign market, the Government of India may, after fully satisfying themselves about the genuineness of the industry's claim, subsidise them suitably, if necessary, to make their products competitive in the interests of export earnings for the country.</p>
13	110	<p>The Committee, however, very strongly feel that one of the real solutions to the problem lies in the nationalisation of the entire jute and jute goods export trade.</p>
14	111	<p>The Committee are concerned to note that there is an unusually long time lag of about ten months between the date of submission of the Report of the Agricultural Prices Commission and the date of publication of this Report by Government, as a result of which the farmer knows the minimum statutory price of his product only after most of the jute crop has already been sold. This, the Committee apprehend, is definitely done at the behest of the jute industrialists and jute tycoons.</p>

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15	112	<p>As admitted by representatives of the Ministry of Agriculture and Industry and also the representatives of the State Governments concerned, there is full justification in the demand of the farmers that the minimum price for raw jute should be made known to them well before the time of sowing itself. The Committee accordingly recommend that the entire exercise of collection of data of cost of cultivation and formulation and announcement of the minimum statutory remunerative price should be rescheduled in a manner as to enable the announcement of minimum statutory remunerative prices for the crop of a particular year at the time of sowing itself, that is in January-February of that year.</p>
16	113 & 114	<p>Another aspect of announcement of minimum statutory price for raw jute relates to the the markets in respect of which such minimum statutory price is announced. In this connection, the Committee find that while upto and including the 1973-74 season, minimum prices of jute were announced for Calcutta, the position was changed from 1974-75 onwards when minimum prices began to be announced only for the up-country markets and not for Calcutta. This was undoubtedly done by the authorities concerned in order to help the jute industrialists and jute tycoons to extend the field of plunder at the cost of jute growers. There is ample evidence available in the material furnished to the Committee that though the Jute Commissioner has been pressing for announcement of the price for Calcutta market also, and the Ministry of Commerce have been supporting that demand, the prices continued to be announced only for up-country markets because of opposition from the Ministry of Agriculture. This has not surprised the Committee. In 1974-75, the proposal for announcement of the minimum statutory price</p>

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for Calcutta market was opposed by the Chairman, Agricultural Prices Commission (Dr. Dharam Narain), and the proposal was ultimately dropped on the ground that the situation had since changed and the market prices in Calcutta Market ruled very high with the result that no need was felt to fix the minimum price for the Calcutta market. What has astonished the Committee further is the fact that in 1976-77 season, even when the prices of raw jute fell below the statutory minimum price, the request of the Jute Commissioner for announcement of minimum statutory price for Calcutta was not taken seriously at the Government level. The reason is not at all difficult for the Committee to understand.

Both the Managing Director of the Jute Corporation and the Jute Commissioner have, during evidence, pressed for announcement of a minimum statutory price for the Calcutta market to avoid dampening of the prices there by the Jute mills with consequent depressing results on the prices in the upcountry markets. The Ministry have also accepted the need for the same. The Committee, therefore, see no valid reason why a minimum statutory remunerative price of jute for Calcutta market should not be announced immediately. They, therefore, require that minimum statutory remunerative price for Calcutta market should also be announced by Government immediately.

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In conclusion, the Committee cannot help expressing a feeling of utter distress over the fact that as against the true first cost of cultivation of jute of Rs. 344.34 per quintal in West Bengal, the fixation of minimum statutory price has all along been fraudulently based on a deliberately depressed figure of cost of cultivation of about Rs. 116 per quintal. As a result, the poor jute grower has every time been giving a pound

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of flesh with his jute. This big fraud has been played upon him by persons in authority at the national level.

From the written material received by the Committee from different sources and the tenor of evidence tendered before them by the Statistical Adviser in the Directorate of Economics and Statistics (Shri Ram Saran—till recently also the Member-Secretary of the Agricultural Prices Commission), the Chairman of the Agricultural Prices Commission (Dr. Dharam Narain), representatives of the Ministry of Agriculture and Irrigation and representatives of the Ministry of Commerce, (Industry), the Committee have no doubt that in the entire process of collection, compilation and publication of data relating to cost of cultivation of jute and of fixation and announcement of minimum statutory price for raw jute, all these agencies instead of safeguarding the cause of the impoverished agriculturists, have acted as the bitterest enemies of the poor jute growers in that they completely sided with the jute industrialists and jute tycoons and thereby opened flood-gate of exploitation of the poor jute cultivator by the jute industrialists and traders. The Committee also find that the Cabinet Committee on Food and Agriculture, at the material time was also a party. There is, therefore, no doubt that the entire machinery was positively working for the jute industry and the jute traders' lobby, and in this process many palms must have been greased.

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The Committee look upon this sort of arrangement as a different and dangerous category of economic offence having far reaching consequences, and it is the bounden duty of the Government to ensure that the commission of such an offence is no more allowed to be perpetuated. For this purpose, there is imperative need for immediate setting up of a special cell in

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the C.B.I. where a co-ordinated functioning of investigating officials, economists, sociologists etc. should be organised forthwith. In the commission of this offence, the role played by the Directorate of Economics and Statistics (With Shri Ram Saran as Statistical Adviser) and the Agricultural Prices Commission (under the Chairmanship of Dr. Dharam Narain) is conspicuous and needs to be thoroughly and specially investigated, with a view to fixing of responsibility and awarding of exemplary punishment to those found guilty. Pending conduct of such investigations, the top officials of these two organisations must immediately be replaced. In making this observation, bitter though it may be, the Committee are mindful of the fact that 'prevention is better than cure' and if Government is able to prevent commission of this sort of offence, it will prevent many more evils which arise as an outcome thereof, including malpractices indulged in by the jute industry which generate huge amount of black money running into hundreds of millions of rupees every year.

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Coming now to the fixation and announcement of minimum statutory price for raw jute on the basis of realistic calculations of the true cost of production of jute, the Committee are positive that such a price has to be remunerative to the jute grower in whose survival lies the future of the jute industry which has manifold impact on the country's economy and employment potential. From this point of view, there can be no two opinions about the fact that on the basis of the scientifically collected latest data of the Government of West Bengal, the true first cost of cultivation of jute (including reaching the primary market) is of the order of Rs. 344.34 per quintal (1977-78). To this must be added a return of 30 per cent to the grower, which has been stated to be only just and fair by the rep-

(1)	(2)	(3)
		<p>representatives of the Government of West Bengal which is by far the largest Jute growing State and where the survival of the peasantry is very much wedded to the jute prices. On this basis, the minimum price that must reach the hands of the jute grower works out to Rs. 447.64 per quintal (1977-78), which the Committee strongly recommend for adoption as the minimum statutory remunerative price. The Committee are also of the considered and confirmed view that this minimum price should apply to the bottom grade of jute in the primary markets and for better grades, incentives should be given to the growers in the form of increased prices.</p>
20	118	<p>The price of Mesta, which is only a variety of jute, should also similarly be fixed and there should not be any appreciable gap between the prices of the two.</p>
21	119	<p>The Committee also strongly recommend that Government should as well announce minimum statutory remunerative prices for the Calcutta markets by adding suitable and realistic transport and other charges involved in bringing jute to Calcutta from the areas where it is grown, including its handling and keeping.</p>