

COMMITTEE ON PUBLIC UNDERTAKINGS (1978-79)

(SIXTH LOK SABHA)

THIRTY-THIRD REPORT

Action Taken by Government on the Recommendations contained in the Third Report of the Committee on Public Undertakings (Sixth Lok Sabha)

ON

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

(MINISTRY OF INDUSTRY)

Presented to Lok Sabha on



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1978/Chaitra, 1901 (Saka)

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TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS
CONTAINED IN THE THIRD REPORT OF THE
COMMITTEE (SIXTH LOK SABHA) ON JUTE
CORPORATION OF INDIA LTD. - JUTE & EXPLOITATION
OF JUTE GROWERS.

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INTRODUCTION

1, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Thirty-Third Report on Action Taken by Government on the recommendations contained in the Third Report of the Committee on Public Undertakings (Sixth Lok Sabha) on Jute Corporation of India Ltd.—Jute and Exploitation of Jute Growers.

2. The Third Report of the Committee on Public Undertakings (1977-78) was presented to Lok Sabha on 14th April, 1978. Replies to all the recommendations contained in the Report were received on 18th November, 1978. The replies of Government were considered by the Action Taken Sub-Committee of the Committee on Public Undertakings on 26th March, 1979. The Report was finally adopted by the Committee on Public Undertakings on 30th March, 1979.

3. An analysis of the Action Taken by Government on the recommendations contained in the Third Report of the Committee on Public Undertakings (1977-78) is given in Chapter I.

4. During the last season (1977-78), Jute Corporation of India had been able to procure only about 68 thousand bales of raw jute i.e. a mere one per cent of the total production of jute and mesta in the country. This clearly indicates that the infrastructure created by the Corporation for the procurement of jute remained substantially unutilised. The beneficiaries of this poor performance of JCI are only the jute industrialists and other middlemen.

5. There is no justification for a large number of grades of raw jute which would undoubtedly make it possible for the middlemen to confuse and exploit the poor and ignorant jute growers. The delay in constituting a Technical Committee of I.S.I. for reviewing the grades is therefore deplorable.

6. It is a matter of great concern that notwithstanding the importance of jute in the national economy no special attention has been given by Government to provide any credit facility worth the name to the poor jute growers. Even now the Government have not come forward with any scheme in this regard. It is imperative that the credit needs of the jute growers are assessed urgently and appropriate steps are taken to meet the credit requirements of jute growers.

JYOTIRMOY BOSU

CHAIRMAN

COMMITTEE ON PUBLIC UNDERTAKINGS

NEW DELHI;

March 29, 1979

Chaitra 8, 1901 (S)

CHAPTER I

REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the 3rd Report (Sixth Lok Sabha) of the Committee on Public Undertakings on 'Jute Corporation of India Ltd.—Jute & Exploitation of Jute Growers' which was presented to Lok Sabha on 14th April, 1978.

2. Action taken notes have been received from Government in respect of all the 21 recommendations contained in the Report. These have been categorised as follows:—

- (i) *Recommendations/Observations that have been accepted by Government*

Serial Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 20.

- (ii) *Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee.*

Serial Nos. 1, 13, 14, 15, 16, 17, 18, 19 and 21.

3. The Committee will now deal with action taken by Government on some of their recommendations.

A. Manipulation of Prices by Jute Traders and Jute Industry

Recommendation at Serial No. 1 (Paragraph 2.17)

4. The Committee noted that on account of the very limited activities of the Jute Corporation of India in the field of purchase of jute and absence of will on its part to go to the succour of the poor exploited jute growers, the private traders, who were invariably the agents/benamdars of the jute industry, continued to hold the lever for manipulation of prices of raw jute.

5. Ministry have, now, informed the Committee that during the last season (1977-78), Jute Corporation of India had been able to procure only about 68 thousand bales of raw jute.

6. The Committee are very much distressed at the extremely poor performance of Jute Corporation of India. They find that during the year 1977-78 JCI could procure a mere one per cent of the total production

of Jute and Mesta in the country. It is obvious that the Jute Corporation of India has not only not achieved its primary objective which was to ensure for the grower a better price than what he was getting by a process of elimination of the many tiers of intermediaries that were operating in the jute market and to save the growers from the clutches of these middlemen by making arrangements to buy jute directly from the jute growers by building up its direct relationship with them, but also continues to remain a heavy burden on the exchequer. . . Such meagre procurement performance of Jute Corporation of India clearly indicates that the infrastructure created by the Corporation for the procurement of jute remained substantially unutilised. Thus the mischief is manifold in that on the one hand the JCI is inhibited on account of various reasons from stepping up the procurement resulting in continued exploitation of the growers and on the other hand the infrastructure of the corporation is kept idle causing a heavy drain on the exchequer. The beneficiaries are only the Jute industrialists and other middlemen.

7. In their 3rd Report, the Committee observed that the jute growers who did not have the capacity to hold their stock for want of finance, storage capacity etc. had to resort to distress sales at prices much below the minimum statutory price and considerably below their own cost of production. The Committee found that one of the important reasons for development of such situations was *complete lack of organisations* to safeguard the interests of the jute growers.

8. The Committee regret to note that the Ministry of Industry have not stated in what way the various organisations and agencies such as Jute Corporation of India, Cooperatives and financial institutions, which are supposed to cater to the needs and requirements of jute growers have now been adequately geared up to help the jute growers and safeguard their interests.

9. The Committee reiterate that one of the important reasons for the continued exploitation of jute growers by jute industrialists and jute traders is complete lack of organisations to safeguard the interests of jute growers. They, therefore, strongly recommend that Government should take appropriate measures to strengthen the various organisations which cater to the needs and requirements of jute growers in order to put an end to all types of exploitation by jute industrialists and traders.

10. The Ministry have stated that the statutory minimum price of raw jute was raised from Rs. 141 per quintal during the last season to Rs. 150 per quintal on the recommendations of the Agricultural Prices Commission.

11. In their Eighth Report (Sixth Lok Sabha) on 'Jute Corporation of India—Government's Unfair Pricing Policy for Raw Jute', the Committee have recommended that the minimum statutory remunerative price for raw jute should in no case be fixed below Rs. 447.64 per quintal (1977-78) for bottom grade. The Committee will, therefore, consider the question of fixation of statutory minimum price by Government while dealing with action taken by Government on the recommendations contained in their Eighth Report.

B. Extensive Malpractice in Grading of Jute to defraud the Growers

Recommendations at Serial Nos. 5, 6, 7, 8 and 11. (Paragraphs 2.49, 2.50, 2.51, 2.52, 2.53, 2.54 and 2.57).

(i) Testing Facilities at the Primary/Secondary Markets

12. The Committee noted that with effect from 1976-77 Government, on the recommendations of the Indian Standards Institution, introduced a new system of gradation of jute under which jute was divided into eight different grades, namely TD-1 to TD-8 for Tossa and Daisee raw jute and W1 to W8 for white raw jute. The Committee found that there was no chemical test available for differentiating one grade of jute from the other and no testing facilities were available at the market level where the jute growers brought their produce for sale. (Para 2.49).

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

14. In reply to the above observation of the Committee, Ministry of Industry have stated as follows:—

"The present grading system for raw jute is based on physical properties only and the testing instruments are presently available only with the textile laboratories and in some mills. We have taken up the question of how far it is practicable to provide testing facilities in the primary/secondary markets, with jute Technical and Research Laboratory, Indian Standard Institution and Jute Corporation of India."

15. The Committee are very much concerned to note that no concrete action has been taken so far to provide testing facilities at the primary/

secondary markets. The Committee strongly recommend that the matter should be considered urgently by the Government and adequate testing facilities should be provided at the primary/secondary markets without delay so that the jute growers are no longer deceived by unscrupulous traders.

(ii) *Review of Existing System of Grading*

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

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

18. Thus, the Gradation Committee, in effect, represented the interests of the Jute Trade and Industry and not the jute growers, and the Governments of jute growing States. (Para 2.52).

19. The Committee saw no justification for such a large number of grades for raw jute, which appeared to have been introduced only for purposes of confusing and duping the jute grower. The Committee strongly recommended that the existing system of gradation of jute should be reviewed immediately with a view to reducing the grades to the minimum. (Para 2.53).

20. The Committee also recommended that the Review Committee to be formed for the purpose should provide dominant representation to the Kisan Sabhas and jute growers. The Government of all the jute growing States in the country should also be fully represented. (Para 2.54).

21. In reply to the above observation/recommendation, the Ministry of Industry have, *inter-alia*, stated:—

“The ISI's Committee for reviewing the jute grading specifications is being enlarged by ISI to include representatives of jute growers from different jute growing States, thus giving them dominant position in the Committee. The Governments of the jute growing States would also be fully represented on the Committee. This reconstituted Committee would review the existing system of grading to see whether it is possible to reduce the number of grades further.”

22. The Committee are surprised to note that although their 3rd Report was presented to Lok Sabha in April, 1978, the Technical Committee of ISI for reviewing the grades has not so far been reconstituted. The Committee deprecate this and strongly stress that the Technical Committee should be reconstituted without any further delay and the existing system of grading should be reviewed urgently with a view to reducing the grades to the minimum.

(C) Lack of Credit Facilities to Jute Growers

Recommendations at Sl. Nos. 13 to 21 (Paragraphs 2.89 to 2.98).

(i) Credit facilities made available to Jute Industries and jute traders vis-a-vis jute growers. (Paragraph 2.89).

23. The Committee were very much astonished and distressed to note that whereas the poor jute grower, who was the actual producer of the golden fibre, was provided with practically no credit facility even for his inputs, the big jute industrialists and jute barons who were the owners of the Jute mills were for reasons unknown, given most charitable and liberal credit for purchase of jute at a fraction of cost of the production, for processing of jute and export of jute goods. Loans at lower rates of interest were given for capital investment for modernisation, diversification, expansion and rehabilitation of jute industry. The Industry also enjoyed credit facilities for export in the shape of "Pre-shipment export credit" as also "post shipment export credit", from commercial banks at a concessional rate of interest. Cash compensatory support to jute industry was also provided by the Government against export of jute goods. The poverty stricken starving jute grower was, however, left high and dry. The Committee recommended that this needed a thorough probe. (Paragraph 2.89).

24. The Ministry have not given any reply to the above observation/recommendation of the Committee. It has not been stated as to why there is so much disparity between the credit facilities being given to jute industrialists and jute growers. The Committee would like to reiterate their earlier recommendation and stress that Government should thoroughly examine this matter to find out why the jute industrialists and jute traders are being given excessive attention as compared to the jute growers who are most impoverished cultivators with not much of any other substantial source of income.

(ii) Lack of Credit Facilities to Jute Growers

25. It was a matter of great concern to the Committee that notwithstanding the importance of jute in the national economy no special attention had been given by Government to provide any credit facility worth the name to the poor jute growers of jute. It was most distressing for the Committee to note that the poor jute growers were merely included in the general scheme wherein they were required to pay higher rates of interest. (Para 2.91).

26. The Committee suspected that because of the fact that easy and liberal credit could have given the grower greater holding power which would have made it difficult, for the industry and trade to get jute at buyer's price that practically no credit was made available for the jute grower, not to speak of giving it at a concessional rate of interest. (Para 2.90).

27. Chakravarty Committee in their Report of February, 1974 on the working of Jute Corporation of India and the cooperatives pointed out that there was an imperative need for the Central and the State Governments to formulate special programmes for integrated development of credit and marketing cooperatives for jute growers. It was also stressed that the nationalised banks also must give greater attention to the credit needs of the jute growers. In the opinion of the Committee, however, since the Jute Industry and Trade were controlled by the Central Government, the task of making available very cheap and liberal credit to jute growers lay squarely on the Central Government. (Paragraph 2.91).

28. The Committee felt that if the poor jute growers were really to be freed from the bondage of unscrupulous businessmen and money-lenders it was imperative that the existing credit institutions must pay much greater attention to the problem and pump in very much more low interest credit to jute growers in the rural sector commensurate with their needs. For this purpose, a time bound programme should be chalked out by the Central Government through coordination with the National Cooperative Development Corporation, the State Governments concerned, the Reserve Bank of India and other institutions concerned and implemented from the coming season without fail. The Committee stressed that the entire responsibility for this should rest with the Central Government and the Reserve Bank of India. (Paragraph 2.98).

29. In their reply, the Ministry of Industry have *inter alia* stated that as follows:—

“In order to ensure availability of credit at appropriate rates of interest to the rural community, the Reserve Bank of India has fixed a ceiling on lending rates. A ceiling rate of 11 per cent has been prescribed in respect of all advances to small farmers, including jute growers, not exceeding a sum of Rs. 2500. A ceiling rate of 10.5 per cent and 11 per cent has also been laid down in respect of term loans with a maturity of more than 3 years granted to farmers, for purposes of minor irrigation, land development and diversified purposes, respectively.”

30. The Committee regret to note that the reply of Ministry of Industry is unsatisfactory. The Ministry have not given any specific replies to the

important observations/recommendations of the Committee. It has not been indicated as to whether any special measures have been taken by Government to give greater attention to the credit requirements of jute growers at lower rate of interest or whether any time bound programme has since been chalked out by the Central Govt. It has also not been stated whether any special programme for integrated development of credit and marketing cooperatives of jute growers has since been formulated and to what extent the nationalised banks have started giving greater attention to the credit needs of the jute growers. In fact, the Ministry of Industry have not furnished any facts and figures to show whether any positive action has been taken in pursuance of recommendations of the Committee in order to replace the usual 'dadan' (advance) system by institutional credit within a specified period. The Ministry have also not made it clear whether Central Government has taken upon itself the entire responsibility of providing adequate credit to jute growers by co-ordinating the activities of various agencies engaged in this task.

31. The Committee highly deprecate this attitude on the part of the Government and would like to reiterate their earlier recommendations. They would like to stress that Government should urgently assess the credit needs of the jute growers and prepare a comprehensive plan to provide credit facilities to jute growers at low rate of interest. The Government should also take appropriate steps to forge an effective link between cooperative credit and cooperative marketing.

(iii) *Provision of Institutional Credit Facilities to the Jute Growers at the Level of National Cooperative Development Corporation.*

32. The Committee recommended that separate provision for providing immediately institutional credit facilities to the jute growers at the level of the National Cooperative Development Corporation was also absolutely necessary. (Para 2.92).

33. In reply to the above recommendation, the Ministry of Industry have *inter alia* stated that the National Cooperative Development Corporation (N.C.D.C.) under the existing statute, is primarily concerned with the development of marketing/processing societies in the Cooperative Sector, and it may therefore not be possible for it to provide credit for jute growers.

34. The Committee feel that the linking up of cooperative credit with the sale of jute to the marketing cooperatives is the best means of ensuring adequate credit to jute growers and safeguarding their interests. If the National Cooperative Development Corporation under the existing statute is unable to provide credit for jute growers it is for the Government to evolve a methodology by means of which they are able to forge an effective link between cooperative credit and cooperative marketing. The Committee have already stressed this point in their earlier recommendation

Loans against Standing Crops

35. The Committee were distressed to note that although loans were advanced by commercial banks against standing crops in the case of tea no such facility whatsoever had been allowed in the case of jute growers. The Committee saw no reason why the facility of credit against standing crops and insurance of such crops should not be afforded to the growers of jute and other agricultural crops. They recommended that this should commence forthwith. (Para 2.92).

36. Ministry of industry have not given any specific reply to the above recommendation of the Committee. To evade they have inter alia stated in general terms that emphasis was continually being made on the provision of credit to the small and marginal farmers and other weaker sections of the rural community.

37. The Committee reiterate their earlier recommendation and stress that facilities of credit against standing crops and insurance of such crops should be afforded to the growers of jute and other agricultural crops.

Differential Rates of Interest Scheme

38. The Committee were told that the scheme introduced by Government in 1972 for providing advances at differential rates of interest to weaker section of society had been extended to the entire country and that the jute growers could also take advantage of that scheme. The Committee recommended that an adequate portion, commensurate with the requirements of jute growers, of the amounts specified to be advanced under the differential rate of interest scheme should be specifically earmarked for the use of jute growers and proper publicity given to the same so that the jute growers were actually able to make use of that credit. (Para 2.94).

39. The Committee also felt that there was a strong case for substantially increasing the total amount of credit allotted under the Differential Rate of Interest Scheme. (Para 2.96).

40. In reply to the above recommendations the Ministry of Industry have stated as follows:—

“The Differential Rate of Interest Scheme has been formulated with the specific purpose of helping the poorest members of the weaker sections of the rural community, which includes eligible jute growers. Any individual fulfilling the eligibility criteria laid down under the scheme can avail of credit under the scheme. A sectoral earmarking would not only dilute the purpose of the Scheme, but is liable to lead to similar claims by other sectors of the economy. Consequently, sectoral earmarking of funds under the Scheme has not been done.

Given the cost of raising funds and the various pre-emptions existing on bank resources it is not proposed to increase the existing target of 1/2 per cent at present under the Differential Rate of Interest Scheme."

41. The Committee are not satisfied with the reply of the Government. When the differential rate of interest scheme is meant primarily for the weaker section of society, the Committee fail to understand why it should be difficult for the Government to assess the credit requirements of poor jute growers in the jute growing areas and to earmark specific amount commensurate with their requirement. The Committee also seen no reason why such an assessment should not be made in the case of other agricultural crops and ensure that there is no discrimination in the matter of providing credit facilities at low rate of interest to the weaker sections of the rural community. The Committee, therefore, reiterate their earlier recommendation and stress that an adequate portion, commensurate with the requirements of jute growers, of the amounts specified to be advanced under the differential rate of interest scheme should be specifically earmarked for the use of jute growers. They further stress the total amount of credit allotted under the differential rate of interest scheme should be substantially increased so as to cover the entire weaker section of society.

Agro-based industries

42. The Committee recommended that Government should ensure that the man who tills the soil and processes the raw jute, standing in waist-deep water for hours together, under most trying conditions and produced the raw material for the agro-based industry of jute, not only got remunerative price for his produce but also got his due share of money out of the profits of the industrial products. The Committee recommended that such exercises should also be done in the case of other Agro-based industries like Tobacco, Cotton and Sugar. (Para 2.95).

43. The Committee regret to note that Government have evaded the issue as they have obviously been unable to give reply to the above observation/recommendation of the Committee.

44. The Committee reiterate their earlier recommendation and stress that the very existence of a Agro-based industry depends on successful production of the agricultural produce which provides the raw material for concerned industry and for that reason it is absolutely necessary that the producer gets adequate incentive and is assured of a remunerative price for his produce besides cheap and liberal credit as per his requirements. The whole economic exercise for the development of Agro-based industry should take note of this necessity.

Provision of credit to the cultivators at the time of sowing

45. The Committee emphasised that with a view to ensuring elimination of avoidable and time-consuming formalities for disbursement of loans it was the bounden duty of the Reserve Bank of India to ensure that the banks formulated a scheme whereunder their agents might visit the jute growing areas at specified intervals and make advances to the cultivators for their inputs and subsistence at the time of sowing and at other appropriate times (Paragraph 2.97).

46. In reply to the above recommendation, the Ministry of Industry have stated as follows:—

“In the guidelines issued by the Reserve Bank of India for the financing of the agricultural sector by the commercial banks, adequate emphasis has been laid on the seasonability and timing of the provisions of credit to this sector. Banks have been advised to canvass sufficiently in advance of agricultural operations to ensure availability of adequate and timely credit to the small cultivators. This ensures that the formalities of the banks are completed early and the funds are ready to be disbursed at the appropriate time. The field staff of the banks try to keep in touch with their borrowers with a view to supervise the end use of credit.”

47. The Committee stress that the Reserve Bank of India should ensure that the guidelines issued by them are followed by the commercial banks in letter and spirit and for this purpose adequate machinery should be set up to redress the grievances of the farmers well before the ensuing jute sowing season.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation No. 2

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

Paragraph—2.18

Reply of the Government

The cooperative sector is under the State Governments. However, the Department of Civil Supplies & Cooperation, Government of India are fully aware of the urgent necessity of strengthening this sector, particularly in so far as the cooperatives of jute-growers are concerned. That Department has held a series of meetings with the representatives of Jute Corporation of India, State Governments, Cooperatives of the jute growing States, etc. with a view to bringing an effective and close involvement of cooperatives with the jute procurement operations. In pursuance of these meetings, it has been emphasized to the State Governments that with the enlarged role assigned to Jute Corporation of India during the current year, the co-

operatives should be geared to take up a much larger programme. It has also been stressed that purchases by cooperatives in the primary markets and especially at the village level, would provide an effective answer and larger involvement of service cooperatives in jute procurement.

The State Governments have also been requested to ensure advancement of adequate credit and linkage of recovery with jute marketing to break the traditional link of the growers with Fariahs. The National Cooperative Development Corporation has agreed to provide liberal assistance to the State Governments on the basis of specific programmes formulated by them in this regard. An amount of Rs. 10 lakhs has already been sanctioned during the current year in favour of State Cooperative Federation of Assam. The Jute Corporation of India has also advanced Rs. 50 lakhs to the West Bengal State Cooperative Federation during the current season.

In order to forge direct contact between jute growers and procurement agencies, it has been decided that wherever the cooperatives marketing structure is weak, village/service cooperatives would supply jute to the Departmental Purchase Centres of the Jute Corporation of India. As an incentive for procurement through village cooperatives, Jute Corporation of India has agreed to pay Rs. 1.37 more as commission for each quintal of jute procured through them. A major constraint relating to price policy has since been removed permitting the jute Corporation of India to undertake the procurement of raw jute in the current season on commercial basis which will enable cooperatives to play a significant role in the jute purchases. A target of procurement by cooperatives of around 6 lakhs bales of jute during 1978-79, as against the maximum procurement of 2.39 lakh bales in 1976-77, has been fixed.

[Department of Industrial Development O.M. No. 20/16/78-Jute,
dated 15-11-1978]

Recommendation No. 3

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

Paragraph—2.19

Reply of the Government

For regulating trade in raw jute, licensing of raw jute traders has been enforced with effect from 1st May, 1978 under the Jute (Licensing and

Control) Order. This scheme is being enforced through the State Governments. Besides State Government authorities, the services of Excise Inspectors of the Government of India and Jute Inspectors of the Jute Corporation of India were also placed at the disposal of the Jute Commissioner in the initial stages.

[Department of Industrial Development O.M. No. 20/16/78-Jute,
dated 15-11-1978]

Recommendation No. 4

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

Paragraph—2.20

Reply of the Government

The Governments of jute-growing States and Department of Agriculture in the Ministry of Agriculture & Irrigation (who coordinate the work of supervision and control on regulated markets) have been asked to give adequate attention to the provision of storage and baling facilities, proper feeder roads, other transportation facilities, market yards and auction arrangements etc. in these markets.

[Department of Industrial Development O.M. No. 20/16/78-Jute,
dated 15-11-1978]

Recommendation Nos. 5 & 6

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

cess there is some over-estimation or under-estimation... which is bound to happen in the process." The representative of the ISI also confirmed that the differentiation between one grade and another was through visual assessment which is purely subjective.

Paragraph—2.49

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

Paragraph—2.50

Reply of the Government

The present grading system for raw jute is based on physical properties only and the testing instruments are presently available only with the textile laboratories and in some mills. We have taken up the question of how far it is practicable to provide testing facilities in the primary/secondary markets with Jute Technical and Research Laboratory, Indian Standard Institution and Jute Corporation of India.

[Department of Industrial Development O.M. No. 20/16/78-Jute,
dated 15-11-1978]

Recommendation Nos. 7, 8 & 11

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

Paragraph—2.51

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

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

Paragraph—2.52

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

Paragraph—2.53

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

Paragraph—2.54

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

Paragraph—2.57

Reply of the Government

Upto 1976, there were about 80 grades of jute. Since 1976-77 season, the number of grades have been reduced to 8. The ISI's Committee for reviewing the jute grading specifications is being enlarged by ISI to include representatives of jute growers from different jute growing States, thus giving them dominant position in the Committee. The Governments of the jute growing States would also be fully represented on the Committee. This reconstituted Committee would review the existing system of grading to see whether it is possible to reduce the number of grades further. On the question of technical experts on the Committee being indirectly connected with the jute industry, attention of the ISI has been specifically drawn for taking this into account while reconstituting the Committee.

Statutory minimum prices of raw jute are notified for all grades of jute on the basis of the price recommended for the medium grade viz. W 5 Grade, by the Agricultural Prices Commission for each season. The Committee's recommendation regarding fixing of statutory minimum prices of raw jute on the basis of bottom grade has been referred to the A.P.C. for keeping in view while formulating their recommendations for the coming seasons.

At present, price differential between the lowest grade, namely, W 8|TD 8 and the highest grade, namely, W 1|TD 1 stands at Rs. 77 per quintal. Normally, the highest grades of jute fetch even higher premiums. This price differential itself acts as an incentive for the production of better grades of raw jute. In addition, Ministry of Agriculture has been specifically asked to consider other measures for encouraging the production of better grades of jute.

[Department of Industrial Development, O.M. No. 20/16/78-Jute, dated 15-11-1978.]

Recommendation No. 9

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

Paragraph—2.55

Reply of the Government

The Jute Corporation of India are working out a scheme for the training of jute growers in grading of raw jute with the assistance of the field staff of the Corporation during the off-season. The scheme is to be introduced on a pilot basis during the current jute season (1978-79). Details of the scheme are being worked out in consultation with the State Governments and the Directorate of Jute Development.

The services of the field staff of Extension Directorates (Ministry of Agriculture) and the State Government, (Block Development Officers), are being sought for educating the jute growers in the correct method of retting of jute.

[Department of Industrial Development, O.M. No. 20/16/78-Jute,
dated 15-11-1978.]

Recommendation No. 10

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

Paragraph—2.56

Reply of the Government

Indian Standards Institute has been asked to bring out pamphlets detailing physical qualities of the various grades of jute along with their samples so that these pamphlets could be distributed among the jute-growing States for reproduction in various regional languages and large-scale distribution among the jute-growers at prices which they can afford.

[Department of Industrial Development, O.M. No. 20/16/78-Jute,
dated 15-11-1978.]

Recommendation No. 12

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

Paragraph—2.58

Reply of the Government

This recommendation has been passed on to the Governments of jute-growing States for necessary action.

[Department of Industrial Development, O.M. No. 20/16/78-Jute, dated 15-11-1978.]

Recommendation No. 20

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

Paragraph—2.97

Reply of the Government

In the guidelines issued by the Reserve Bank of India for the financing of the agricultural sector by the commercial banks, adequate emphasis has been laid on the seasonability and timing of the provisions of credit to this sector. Banks have been advised to canvass sufficiently in advance of agricultural operations to ensure availability of adequate and timely credit to the small cultivators. This ensures that the formalities of the banks are completed early and the funds are ready to be disbursed at the appropriate time. The field staff of the banks try to keep in touch with their borrowers with a view to supervise the end use of credit.

[Department of Industrial Development O.M. No. 20/16/78-Jute, dated 15-11-1978.]

CHAPTER II

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLIES

Nil

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation No. 1

The Committee note that on account of the very limited activities of the Jute Corporation of India in the field of purchase of jute and absence of will on its part to go to the succour of the poor exploited jute growers, the private traders, who are invariably the agents/benamdars of the jute industry, continue to hold the lever for manipulation of prices of raw jute. The methods adopted for the purpose are stated to be declaration of lock-outs in the mills on one pretext or the other and consequent stoppage of purchases of raw jute in the market, as a result of which the market gets flooded and the prices are substantially depressed. Consequently, the jute growers, who come from the poorest class and do not have the capacity to hold their stock for want of finance, storage capacity etc. have to resort to distress sales at prices much below the minimum statutory price and considerably below their own cost of production. The Committee also find that one of the important reasons for development of such situations is complete lack of organisations to safeguard the interests of the jute growers.

Paragraph—2.17.

Reply of the Government

It is submitted that the Government of India had set up the Jute Corporation of India in 1971 with the main objective of safeguarding the interests of jute growers.

During the last season, (1977-78), Jute Corporation of India had been able to procure only about 68 thousand bales of raw jute. Their best performance was during 1976-77 when the Corporation procured 8.11 lakh bales under price support operation. Anticipating a large crop during the current season, (1978-79), Govt. had announced a target of procurement for Jute Corporation of India of the order of 15 lakh bales. Well in advance of the current jute season, meetings were held with the representatives of the State Governments, Cooperatives, Reserve Bank of India and the Kisan Sabhas to seek their support and tie up the necessary arrangements for achieving this target and for ensuring fair return to the growers.

Out of the above mentioned target of procurement of 15 lakh bales, it was stipulated that a minimum of 20 per cent of JCI's total purchases should

be procured directly from the primary markets so that the Corporation's operations have some impact on the jute growers. Moreover, the statutory minimum price of raw jute was raised from Rs. 141 per quintal during the last season to Rs. 150 per quintal, on the recommendations of the Agricultural Price Commission. In addition the following steps have been taken to ensure a better return to the growers and for the elimination of possibilities of any distress sales taking place :—

- (i) At the beginning of the current jute season it was decided that adequate buying pressure must be developed on raw jute coming in the market so that possibility of distress sales could be eliminated. Towards this end, it was stipulated that the mills should purchase a minimum quantity of raw jute every week, and that they should hold a minimum stock of raw jute. Simultaneously, the orders which were in force fixing maximum prices of raw jute both in Calcutta and in up-country markets were withdrawn.
- (ii) The State Governments were requested to keep a watch on any violations of the minimum statutory prices for necessary action.
- (iii) A publicity campaign has been launched by the Jute Corporation of India to dissuade growers from making any distress sales and also to counter any panic which might be created by any section.

During the last jute season, (1977-78) and the current season, the prices of raw jute have been prevailing much above the statutory minimum prices fixed by the Government. In fact, the procurement of raw jute in the current season (1978-79) has been only by way of commercial operations, and prices have been ruling firm well above the support levels.

[Department of Industrial Development, O.M. No. 20/16/78-Jute,
dated 15-11-1978]

Recommendation Nos. 13, 14

The Committee are indeed very much astonished and distressed to note that whereas the poor jute grower, who is the actual producer of the golden fibre, is provided with practically no credit facility even for his inputs, the big jute industrialists and jute barons who are owners of the jute mills are for reasons unknown, given most charitable and liberal credit for purchase of jute at a fraction of cost of the production, for processing of jute and for export of jute goods. Thus actually the jute buyer not only takes the jute but also take along with it a pound of flesh of the grower every time he buys jute. For the exploiting operation, support and approval from Reserve Bank of India for the exploiter is not lacking. Loans at lower rates of interest are given for capital investment for modernisation, diversi-

fication, expansion and rehabilitation of jute industry. The industry also enjoys credit facilities for export in the shape of "pre-shipment export credit" as also 'post shipment export credit, from commercial banks at a concessional rate of interest. Cash compensatory support to Jute Industry is also provided by the Government against export of jute goods.

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

Paragraph—2.89

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

Paragraph—2.90

It is a matter of great concern to the Committee that notwithstanding the importance of jute in the national economy, no special attention has been given by Government to provide any credit facilities worth the name to the poor growers of jute. It is most distressing for the Committee to know that the poor jute growers are merely included in the general scheme, having a long list, for grant of credit facilities to agriculturists

wherein they are required to pay higher rates of interest. As against this, for the multimillionaire jute industrialists and traders there is ample and highly subsidised credit. This speaks of an unholy alliance between the concerned people in authority and the jute barons.

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

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

Paragraph—2.91

Reply of Government

Advances to agriculturists, which include jute growers, are treated as an important segment of the neglected sector and consequently banks extend credit to such borrowers at a concessional rate of interest. Besides with a view to provide cheaper credit to the small farmers, including jute growers, a ceiling rate of 11 per cent has been prescribed for advances made to this category of borrowers for an amount not exceeding Rs. 2500/- whether extended as a short, medium or long term facility. Similarly, the ceiling rate of 10.5 per cent and 11 per cent has been prescribed for term loan exceeding 3 years maturity for purposes of minor irrigation, land development and diversified purposes like dairy farming, fisheries and horticulture, respectively. Those jute growers who fulfil the eligibility criteria under the Differential Rate of Interest Scheme, which provides credit at the rate of interest of 4 per cent p.a., can avail of this facility. These concessions will enable the small farmers, including jute growers, to obtain their credit requirements at reduced interest rates.

The banks have also been advised by the Reserve Bank to ensure requalification of their advances to jute mills strictly in keeping with the directive issued by the Jute Commissioner with regard to stock-holding. These include the requirement that inventory or raw jute stocks to be held by jute mills should be to the extent of six weeks consumption. Banks have also been advised to undertake a case by case review of the borrowal accounts in respect of traders with a view to ensure that the credit provided by banks is not utilised for speculative holdings of raw jute.

The Jute Corporation of India has also been advised by Reserve Bank accounts in respect of traders with a view to ensure that the credit provided rather than the secondary, jute markets.

These measures are aimed at increasing the holding capacity of the jute grower as also to meet his credit requirements with greater facility.

[Department of Industrial Development, O.M. No. 20/16/78-Jute, dated 15-11-1978.]

Recommendation No. 15

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

Paragraph—2.92

Reply of Government

The National Cooperative Development Corporation (NCDC) under the existing statute, is primarily concerned with the development of marketing/processing societies in the Cooperative Sector, and it may therefore, not be possible for it to provide credit for jute growers. Production credit for jute growers is provided by cooperatives against the borrowers creating a charge on land or interest therein by making a declaration or even against personal security. NCDC has also been providing margin money assistance to the Cooperative marketing federations and other cooperatives engaged in the procurement of jute to enable them to obtain larger credit from banks. Similarly, NCDC has been taking steps for assisting cooperatives in overcoming the constraint of adequate facilities for baling and storage.

[Department of Industrial Development, O.M. No. 20/16/78-Jute, dated 15-11-1978.]

Recommendation No. 16

The Committee are particularly distressed to note that although loans are advanced by Commercial Banks against standing crops in the case of tea, another big "industrial house dominated" business (Many jute barons are also tea lords), no such facility whatsoever has been allowed in the case of jute growers. To the mind of the Committee, this constitutes a serious discrimination on the part of the Reserve Bank of India who are very much biased in favour of the rich rather than the poor, which the Committee deprecate. In this matter, the Committee are not at all convinced with the argument advanced by the Deputy Governor of the Reserve Bank (Dr. K. S. Krishnaswamy) that the Tea Garden is one whole Garden owned by one person whereas in the case of jute there are small holdings. This is, to say the least, a curious mentality which speaks for itself. The Committee feel that it is the owners of small holdings who deserve greater

and sympathetic attention. Further, viewed in the context of the proclaimed policy of the Government to lay special emphasis on providing assistance to the small agriculturists, the Committee see no reason why the facilities of credit against standing crops and insurance of such crops should not be afforded to the growers of jute and other agricultural crops. The Committee require that this should commence forthwith.

Paragraph—2.93

Reply of Government

Emphasis is continually being laid on the provision of credit to the small and marginal farmers and other weaker sections of the rural community. In keeping with this policy, Reserve Bank of India issued guidelines, as early as December, 1970 to banks emphasising that they should move away from the concept of security lending towards lending which was oriented for production. Banks were also urged to move into less developed areas so as to provide credit to the small and potentially viable farmers with a view to enable them to avail of the advantages of modern technology and other improved techniques of agricultural production.

Besides this, ceilings in interest rates have also been reduced with a view to enable small farmers, to avail of credit with a view to increase their productive capacity. Banks are now expected not to charge more than 11 per cent on all loans upto Rs. 2500.

Whenever non observance of these guidelines by a bank is brought to the notice of the Reserve Bank, the latter takes up the issue directly with the concerned bank with a view to ensure corrective action.

[Department of Industrial Development, O.M. No. 20/16/78-Jute, dated 15-11-1978].

Recommendation Nos. 17 & 19

The Committee are told that the scheme introduced by Government in 1972 for providing advances at differential rates of interest to weaker sections of society has now been extended to the entire country and that the jute growers can also take advantage of that scheme. In view of the fact that jute growers continue to occupy a very weak position in the rural economy, the Committee would strongly recommend that an adequate portion, commensurate with the requirements of jute growers, of the amounts specified to be advanced under the Differential Rate of Interest Scheme should be specifically earmarked for the use of the jute growers and proper publicity given to the same so that the jute growers are actually able to make use of that credit. In this connection, the Committee would like to remind the Reserve Bank of India that they are providing credit to wealthier persons going into shipping business at a low rate of interest of 7½ per cent as against a minimum rate of 13 to 15 per cent normally charged by lending institutions on advances made to agriculturists including poor jute growers. At this

very very low rate of interest, the multimillionaire users of jute also get loans under the Industrial Development Bank of India "Soft Loan Scheme" for modernisation of jute industry. This, therefore, calls for a thorough probe into the functioning of the Reserve Bank of India.

(Paragraph—2.94)

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

(Paragraph—2.96)

Reply of Government

The Differential Rate of Interest Scheme has been formulated with the specific purpose of helping the poorest members of the weaker sections of the rural community, which includes eligible jute growers. Any individual fulfilling the eligibility criteria laid down under the Scheme can avail of credit under the Scheme. A sectoral ear-marking would not only dilute the purpose of the Scheme, but is liable to lead to similar claims by other sectors of the economy. Consequently, sectoral ear-marking of funds under the Scheme has not been done. Given the cost of raising funds and the various pre-emptions existing on bank resources it is not proposed to increase the existing target of 1/2 per cent at present under the Differential Rate of Interest Scheme.

[Department of Industrial Development, O.M. No. 20/16/78-Jute, dated 15-11-1978].

Recommendation Nos. 18 & 21

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

(Paragraph—2.95)

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

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

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

(Paragraph—2.98)

Reply of Government

Measures are continuously being taken by the Government to see that the essential and genuine credit requirements of the weaker sections are met to the extent possible. In order to ensure availability of credit at appropriate rates of interest to the rural community, the Reserve Bank of India has fixed a ceiling on lending rates. A ceiling rate of 11 per cent has been prescribed in respect of all advances to small farmers, including jute growers, not exceeding a sum of Rs. 2500/-. A ceiling rate of 10.5 per cent and 11 per cent has also been laid down in respect of term loans with a maturity of more than 3 years granted to farmers, for purposes of minor irrigation, land development and diversified purposes, respectively. This will help in improving the productive and holding capacity of the jute growers and also encourage them to increasingly seek their credit requirements from banks.

[Department of Industrial Development, O.M. No. 20/16/78-Jute, dated 15-11-1978].

NEW DELHI;
29 March, 1979

Chaitra 8, 1901 (S)

JYOTIRMOY BOSU,

Chairman,

Committee on Public Undertakings.