

MR. CHAIRMAN: I shall put all the other amendments to clause 3 to the vote of the House.

Amendments Nos. 64, 92, 103, 156, 157, 177, 209, 219, 303, 319 and 330. were put and negatived.

MR. CHAIRMAN: The question is:

"That clause 3 stand part of the Bill."

*The motion was adopted.
Clause 3 was added to the Bill.*

7.45 hrs.

HALF-AN-HOUR DISCUSSION

Crisis in Jute Industries

SHRI BENI SHANKER SHARMA (Banka): Mr. Chairman Sir, This morning at the time of discussion the short notice question some storm was raised over the issue of impending crises in the jute mills. Sir, Jute industry was one of the most important and vital industries so far as West Bengal was concerned and in fact the existence, growth and development of Calcutta have been mainly due to the row of sprawling jute mills with their smoking chimneys situated on both sides of the river Hooghly. It is also important to the country as a whole as it is the highest foreign exchange earner accounting for 23% of the value of the country's export trade.

Sir, it is also one of the biggest employers. It not only employs direct labour to the tune of 2,33,000 and odd persons as against 3.5 million employed earlier but many times more people are engaged in cultivation of raw jute, its processing, transporting and marketing. In fact there are about four million peasant families in West Bengal, Bihar, Orissa Assam and (the jute growing States) who depend for their livelihood on its cultivation. It is also the mainstay for thousands of small middlemen, merchants, stockists, truck-owners, cart-man, coolies and people engaged in assorting, grading and baling of the commodity. Besides thousands of people are employed in inland waterways, banking, insurance and many other ancillary

industries. As such, even on a modest calculation, more than 20 million people would be depending on this industry for their daily bread. It contributes about Rs. 75 crores per year to the State and Central exchequer by way of excise and export duties and other local taxes besides being once the contributor of the biggest incometax revenue in that region.

You know, Sir, that there has been a dead-lock in the negotiations between the labour and management over the increase of wages and other amenities and the industry is to-day threatened with a strike unprecedented in its annals which is to start on and from the 4th August, 1969. This will be disastrous both for the industry and the labour.

Sir I will appeal to the labour leaders through you not to precipitate this strike in the larger interest of the industry as well as of labour and agriculture till the Bibhuti Mishra Committee which has been set up by the Central Government and the Tariff Commission have gone thoroughly into the whole question of cost structure of the finished goods and other matters incidental thereto. Sir, the demand for increase in wages by the labour is natural and understandable considering the increase in the cost of living.

I may say without any fear of contradiction that the worker in Jute mills in West Bengal is the lowest paid in the whole of the country and his claim deserves sympathetic consideration at all hands.

But there are so many demands on this industry besides the demand of labour which have got to be met. There is the demand of Government in the shape of excise and export duties and of agriculturists in the shape of an adequate price for their raw jute. The support price of jute has been fixed at Rs. 107. per quintal which cannot and should not be disturbed in the interest of our agricultural economy. Therefore, the only thing that is capable of regulation is the excise and export duties. Unless and until Government comes to the rescue of this industry and reduces the excise duty and totally abolishes the export duty, there is no hope of salvation for this industry. Sir, I do not hold any brief for the ma-

nagement when I say this, which is a hard truth and a pure and simple mathematical calculation. Either the industry should be able to sell its goods at a higher price, which is impossible in the face of stiff competition from Pakistan and synthetics of America or it should reduce its cost which is possible only if central taxes are reduced. The West Bengal Government has been trying its utmost to bring home to the Finance Ministry the necessity of such a step, that is, the futility of retaining that in excise and export duties, at the present level, but unfortunately the Centre has not been able to pay any heed to their wise counsels.

Before independence, this industry had a world monopoly and it could dictate its terms to the world market. But after independence and the separation of East Bengal, the position changed. It has so much deteriorated inasmuch as East Bengal which was the main grower of raw jute and supplier to the mills in Calcutta, and was thus a complement and supplement to the manufacturing units, has become its worse rival and competitor.

While the export of jute goods by Pakistan in the past decade rose from 7 per cent to 30 per cent, the Indian exports declined from 83 per cent to 60 per cent during the same period. The effect has been a decline in profits. While the gross profit in 1964-65 was 4.1 per cent as against 10 per cent for all other industries, its net profit worked at 2.6 per cent as against 9.2 per cent of other industries. After 1964-65, the profitability has been further declining and now the industry is subsisting on its old reserves. The general reserve which stood at Rs. 1,771 lakhs in 1964 came down to Rs. 1,186 lakhs in 1966 and has further gone down now due to recurring losses. But how long can an industry exist on its reserves? In 1967-68, the loss to the industry amounted to Rs. 5.07 crores which may be double in the year 1968-69. In fact, since January 1969, this industry has been incurring a loss of about Rs. 3 crores per month.

This is a very dismal state of affairs. This is all on account of decline in our exports trade due to the wrong, ill-conceived and short-sighted policies of the Central Government which cannot see beyond its

nose. As a result, export of sacking came down from 4.45 lakh tonnes in 1955 to 2.83 lakh tonnes in 1965 which further came down to 1.83 lakh tonnes in 1966 and which has come to virtually a very negligible figure in the current year. Thus the industry gradually losing its hold on sack exports and we should not be sorry for it. Let us try to expand the demand and create market for sacking in the country itself and let us forget its export side. However the decline in exports in sacking was set off a little by the increase in export of jute carpet backing to the tune of one lakh of tonnes, thanks to the ingenuity of our technicians and management, who thought of a new product to compensate the loss arising from the loss of the traditional market in sackings. The export trade in Hessian has also gone in favour of Pakistan and India should not grade it; let Pakistan enjoy it. Besides, there is a committee on synthetic in the United States and their is fierce competition from that side too. 15-20 mills have already closed down in Calcutta. If these conditions continue there is apprehension that other mills will follow suit. Therefore, bold and imaginative step should be taken to save this industry from collapse... (*Interruptions.*) The industry has got to pay its existence; it cannot be charitable if it does not exist. The labour deserves proper wages and the agriculturists deserved a proper price for the product and the Government also deserves some taxation from them. Now there is no question of increasing the price by the purchasers. There is fierce competition in the overseas market from Pakistan as well as from synthetics. We have to price the commodity in such a way that we can sell it in the world market. If the Government abolishes the export duty, there may be some hope. But in spite of appeals from the industry and persistent demand from the West Bengal Government which understands the needs of its industry, well, the Government here has not been relenting and heeding to their advances. The situation is such that even the total abolition of export duty may not be able our sacking exports to revive unless some subsidy on the lines of Pakistan is also given. If the Government are keen about export, they should examine the bonus voucher scheme on the lines of the Pakistani scheme. Pakistan has some advantages over us. They produce good quality jute

[Shri Beni Shankar Sharma]

which we are unable to produce. They produce 3.5 bales per acre while we produce only 2.8 bales. We have to increase the per acre return. Besides there is need for diversification. We have to think seriously about this problem in order to save twenty million people from starvation. It is high time the Government revised its policy about the duty. I suggest that we have some funds which should be made available to the industry for expansion, development and diversification.

18-00 hrs.

The Bibhuti Mishra Committee has been set up. They have been asked to go into the details of the cost structure, and the Tariff Board has been asked to examine the cost construction or structure. Till, then I would request the labour unions and my labour union leaders over here to exercise a little restraint and save the jute industry from collapse.

THE MINISTER OF FOREIGN TRADE AND SUPPLY (SHRI B. R. BHAGAT) : The hon. Member has touched upon a very large canvas and tried to bring out the factors plaguing this industry. As you rightly pointed out, in this short duration, it is not possible for me to go over the whole gamut. But I would like to highlight one or two or rather three aspects of the problem that are facing this industry. There are no two opinions that this is one of the most important industries, apart from the point of view of the rule it is playing in the national economy and the export set up, but also from the point of view of one particular area of our country, the eastern region, the four States. The investment in the industry is there, and over two lakhs of workers are employed, who have to make a living, and more than that, there are a vast number of growers. Most of them are poor, and their fate is involved and linked with this. If I may say so, the economy of the entire eastern region, the four States, is linked up with this industry. So, this is a very vital industry. The problem has become more sensitive, because it is largely an export-oriented industry. The market has to survive on export. So, all these factors have combined to make the position rather difficult.

This morning, we discussed about the problems of labour, and I have made the

Government point known. I would not agree that labour can wait for months and months, but certainly something quickly should be done. I will only plead that we should do everything possible to settle this question without a strike as expeditiously as possible.

SHRI S.M. BANERJEE (Kanpur) : Why don't you go to Calcutta ?

SHRI B.R. BHAGAT : If necessary, I will go to Calcutta. But at the moment, I am in close touch with the West Bengal Government and we are trying to do everything possible to bring about some happy solution to this problem. But, as I said, if necessary, I will go to Calcutta, and I am at the disposal of the West Bengal Government.

As I said, let us take the most important point : the crisis that is facing this country is the supply of raw jute, that is, fibre. Last year, we knew it because there was a shortage, and there were high prices ruling up to Rs 75 a maund for raw jute. It has not only brought about the reduction in the production but also consequent unemployment, and also we were priced out in the export market. The result is that the over-all export up to now has fallen. Export of carpet backing is increasing but the overall export has fallen. Therefore, the point is, the growers must get a price which is remunerative, which is a good enough incentive. As a result of the fluctuations in the price from year to year—a good crop this year and the price touching the rock-bottom and the growers giving up the cultivation of jute, and then there is a shortage and then the prices going skyhigh—the industry is facing this crisis both in the year of glut and in the year of shortage. Therefore, we must insulate the industry from this ; the price should be stable and should be such that the jute goods have their place from the industrial point of view. Of course, the ruling prices in Pakistan are much lower, and their quality is good. Therefore, we have to put in a lot of research so that not only the per acre yield improves but the quality also improves and the growers get a remunerative price. (*Interruption*). Therefore we have taken an important decision.

SHRI JYOTIRMOY BASU (Diamond Harbour) : The cost of living in Pakistan is

lower and a worker there can live with that money.

SHRI B.R. BHAGAT : I was saying that we have taken an important decision. I said in reply to a question the other day that I am going to announce it. We have taken over the trading in jute for price support operation through the STC.

SHRI SURENDRANATH DWIVEDY (Kendrapara) : Are you taking the entire jute trade or only the produce ?

SHRI B.R. BHAGAT : Only raw jute. The Agricultural Prices Commission recommended a price of Rs. 107.17 per quintal which comes to Rs. 49 per maund. The Cabinet has accepted this price. This is the support price. At the moment the ruling price is high, it is about Rs. 64. Even the December prices, when the new crop will come in full force, according to forward quotation is Rs. 48. We do not expect the price to go below Rs. 40. But, as I have said, the STC is ready with all the machinery and they will open as many purchase centres in the interior everywhere so that they are able to buy all the jute if the price goes down below Rs. 40. It will not go below Rs. 40. About derivatives from various centres the Jute Commissioner will announce. The announcement now is that the STC will come into the picture.

SHRI SURENDRANATH DWIVEDY : Nobody will go to the STC.

SHRI B.R. BHAGAT : Nobody should go to the STC when the price is higher. I want the price to be higher.

SHRI SURENDRANATH DWIVEDY : You should fix a higher price.

SHRI B.R. BHAGAT : This time also the Agricultural Prices Commission taking into consideration other prices have recommended this. This is the first year of our operation and we will certainly bear this in mind. My personal view is that the prices should be higher. But we have to take the consensus. We will see that in the coming years as our experience grows the agriculturists get a higher price which they deserve.

The second decision we have taken is this. Now there is availability of raw jute.

We are removing the production control so that there should be greater utilisation of capacity. Until recently the Jute Commissioner fixed the maximum quantity of raw jute that a mill can purchase. There was a sort of rationing of raw jute because enough was not available. He also fixed the maximum quantity of jute goods that can be produced. Of course, whatever carpet backing was required was allowed to be produced freely because this was an item that we wanted to encourage but on all others there was restriction. In view of the present easy supply due to good crop the production control is being withdrawn for August. There will be no maximum quantity for purchase of raw jute and no control over the production. The mills will now be free to purchase as much as they require and produce as much as they can. This will help the situation and that is why I am saying that if the strike takes place at this moment it will affect the industry.

This is the turning point. We had a very bad year. We are losing the market. The result is that the prices of our products are high. It is not only competition from Pakistan. Even in carpet backing they are putting up more looms and they are trying to catch up with us. Of course, we are priced out in sacking and even in hessian. It is very difficult for us to maintain our position.

More important than this, in the markets where we had monopoly so far there is competition from synthetics. There the prices are cut down. The result is, there is a threat that whatever position we occupy in carpet backing will also be taken away. We have an easy supply now. We can increase our production and capture the market. If at this crucial moment the strike takes place—I hope it is not a prolonged one—God for bid—what will happen is that the mills will not buy anything. There will be crash in the raw jute price and there will be loss of production and loss of foreign exchange. That is the reason why we want to find a solution to this problem minus the strike. That is our determination.

SHRI JYOTIRMOY BASU : You should ask the owners to part with a share of the loot.

SHRI B. R. BHAGAT : That is one

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side. The other side is the industry. We have tried to modernise the industry. The hon. Member referred to diversification. Diversification does take place like less raw jute content and more printed material and so on. We have tried to take a lead in carpet backing. Similarly, we must evolve new products. It is a challenge to our industrial research so that we may lead in industrial production. We are giving rebate and other things for carpet backing.

Coming to modernisation, in the spinning sector it has been done. In the weaving sector, for automatic looms they have to determine the type of machine that is required. Once that is gone through, we will modernise the weaving section. We are doing everything possible, so far as modernisation is concerned—financial assistance, development rebate and so on.

In the last budget we gave relief in export duty for sackings and also hessain and cotton bagging. The difficulty was that the mills had raised the prices. They have reduced it by four hundred rupees.

Now there is a demand that the export duty should be reduced. But it should not be linked with the wage question. Because the export duty is related, as I said in the morning, to the external competitiveness of the product. If we give relief in export duty, it should not be counted for internal purposes. It is given so that we can make the product competitive from Pakistan, from synthetics, so that we are able to maintain the lead in the export market. Therefore, the Tariff Commission, which is inquiring into it, has to find the conversion cost and the report will indicate whether relief in export duty is justified.

The committee of my colleague, Shri Bibuthi Mishra will look into the growers side. The West Bengal Government is also going to appoint a comprehensive enquiry committee, even though a part of the enquiry will be overlapping, because all of us want this industry to survive and meet the crisis, while the labour employed in that industry earn a good living and the growers also play their part.

SHRI SAMAR GUHA (Contai) : Considering the high power tension climate of West Bengal, and the people of West

Bengal are extremely worried that if the strike takes place on the scheduled date, namely, the 4th of August, it will involve nearly three lakhs of workers—what it will lead to, God alone knows I do not know why the Minister is saying that if he is asked to go to West Bengal he will go. If he is not mortally afraid of being gherraoed, he should immediately go there, instead of having telephonic talks. May be, if you have talks directly with the West Bengal Government, the workers are also representatives of the jute mills association, if there are direct talks, a compromise can be evolved which will avert a strike.

What is the basic problem? A very interesting thing has developed. In the morning the Minister himself was saying the demand for increased wages by jute workers is legitimate. The representatives of the Jute Mills Associations have also been saying that in principle they have accepted the demand for increased wages for jute workers. Not only that, they have accused the Central Government that for the last few months the Jute Mills Association has been asking the Central Government to institute a jute wage board for going into the wage structure of the jute workers in West Bengal which the Central Government has not complied with. It is the representative of the Jute Mills' Association who said that it had been pressing the Central Government to set up a wage board for the past several months which for reasons best known to the Central Government has not been done so far.

They have welcomed the tariff commission. They have also welcomed the decision of the West Bengal Government to institute an inquiry commission to go into all aspects of the jute industry in West Bengal in a comprehensive manner. Just now the hon. Minister said that he welcomes it. But a few days ago a report appeared in the press that the West Bengal Government wanted to set up a jute inquiry commission which the Central Government was opposed to.

SHRI B.R. BHAGAT : We were never opposed to it.

SHRI SAMAR GUHA : The Chief Minister and all the ministers of West Bengal said in the press that you opposed

it. If you now welcome it, your change is also welcome.

SHRI B. R. BHAGAT : There is no change. Nobody said that we are opposed.

SHRI SAMAR GUHA: The main point of the Jute Mills' Association representative is that they are losing every month Rs. 3 crores. They also say that due to Rs. 21 crores of excise duty and Rs. 23 crores of export duty it has not been possible for them to cope with this loss. They say that their prospective loss will be nearly Rs. 5.07 crores. They have also expressed the apprehension that this time the output of jute will be to the extent of 80 lakh bales, and the requirement will be nearly 48 lakh bales. That means, 32 lakh bales will remain surplus. The representative of the Jute Mills' Association has given these statistics.

There is another danger. There is no possibility that Government will purchase and have a buffer stock of more than 32 lakh bales. That will mean that the growers of West Bengal will be seriously affected.

The Jute Mills' Association is saying that unless a fiscal relief is given by the Central Government they are not in a position to pay higher wages to jute workers. The Government says that they have set up a tariff commission to go into the cost structure of jute products of various categories. It is also said that within a month and a half the report of the tariff commission will be coming. In that context, why do the Government not agree on an *ad hoc* basis to make a fiscal relief to the Jute Mills' Association on an understanding that the tariff commission which will go into the cost structure of jute products will bring out whether the contention of the Jute Mills' Association, that they are running their concerns at a loss and that they are not in a position to pay higher wages to the workers, is correct? I am not accepting their contention but till that report is submitted, with a view to stopping the threatened strike which may involve serious problems, not only the law and order problem but various other problems also—it will affect the cultivators also—why not the Central Government agree to offer an *ad hoc* fiscal relief to the Jute Mills' Association pending the report that will be submitted by the tariff com-

mission? If that fails to justify that they are not running at a loss, they can increase that fiscal relief that was given or that can be cancelled even.

MR. CHAIRMAN : I understand that some hon. Members, specially from West Bengal, are very much agitated over the matter, but you know the rules. The Deputy-Speaker has also sent me a note. In the morning some Members wanted to ask some questions. If we are to go strictly by rules, naturally I cannot help. I have got a list of Members who had given notice and whose names were balloted but, unfortunately they are not in the first four. Fortunately, except Shri Samar Guha, all the three other Members whose names came in the ballot are absent now. Then out of six Members whose names are in the list and who did not come in the ballot, only two Members are present, that is, Shri S.M. Banerjee and Shri Jyotirmoy Basu. So, as a special case, if the House agrees, I may give them a chance. This will not be a precedent. This is only a Half-An-Hour discussion. But it has become a practice that we always take more than half-an-hour, say, 45 minutes or even an hour. Because this is a very serious situation and, specially, the Members from West Bengal are very much agitated over the matter, I am allowing as a special case. It is not at all a precedent. Shri S.M. Banerjee.

SHRI B.R. BHAGAT : Sir, let me reply to the question put by Shri Samar Guha.

I may correct Shri Samar Guha that the requirement of jute for the industry was as high as 76 lakh bales in one year. Actually, they had consumed even 76 lakh bales.

SHRI SAMAR GUHA : It is not my figure.

SHRI B.R. BHAGAT : I am giving you the correct figure.

Last year, the production was something like 46 to 48 lakh bales. We imported 6 lakhs bales of jute because of demand. There has been a shortage of production. But even then, the estimate of jute consumption will be not less than 65 lakh bales. We are prepared, through the S.T.C., to keep a buffer stock of 10 lakhs to 12 lakhs

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bales. We are prepared for that. So, we do not anticipate any eventuality of crash-down in price. We have taken safeguards against that.

Then, he said that I oppose the West Bengal Government Jute Enquiry Commission. It has appeared in the papers; I have seen also the statements. Whatever the interpretation of the hon. Member may be, what happened was that even before I saw the report of the West Bengal Government that they were going to appoint a comprehensive enquiry into the matter, I spoke to the Chief Minister and sent a message also—I first sent it and then I spoke to him on the telephone. I said, we have already done two things. Firstly, we have made a reference to the Tariff Commission for the conversion cost of carpet packing and various other things which will make a quick report and ascertain the position for us. Then, about the raw jute production, and other things, we have set up a committee, the Bibhuti Mishra Committee, on which the representative of the West Bengal Government is there. We have done this. I do not know the scope of their enquiry. If they are doing something parallel—if they want to do, we have no objection—it is no use doing something parallel. It is a question of coordination. We informed him. Neither at that time we opposed it nor today, I say, we oppose it. They know what we are doing, if they want to go ahead with a comprehensive enquiry, they are welcome to do. That is what I am saying. We never took a position that we were opposing any enquiry by the West Bengal Government. They are vitally involved in this. We are trying to co-operate with each other. We are doing our best to solve the problem. There is no misunderstanding on either side about this matter.

Then, he asked, why don't you give *ad hoc* relief? as I said, the two questions are not related. We can take an independent judgment on this. But at the moment, this question is not related to any relief. As I said, the export duty is related to the price or the competitiveness of the product in the foreign markets. Secondly, in the last Budget, on the basis of certain assessments, where we thought the export duty was affecting the competitiveness of the product, we abolished the export duty com-

pletely on some item of sacking and we reduced the export duty on hessian and other sackings. We did not do it in respect of carpet backing because at that time they were fetching higher prices. You know the principle that when the product is fetching a higher price and you reduce the export duty, you only add to the profitability of that industry.

If he increases the price by 700, if you lose in the long run, it is a welcome sign.

SHRI S. M. BANERJEE : It has come out in the newspapers. If the IJMA is serious about a statement, it should spell out. I would like to know from the hon. Minister since he has depicted a clear picture of the whole thing whether this particular strike has not been sponsored by a particular unit.

I would like to know in view of the seriousness of the situation as was spelt out in this House whether the hon. Minister would go to Calcutta, meet the Chief Minister and arrive at a settlement. Otherwise the strike is a reality. Nobody can possibly avoid the strike.

SHRI JYOTIRMOY BASU : This industry made billions for few. They cheat the worker. They cheat the worker in the name of mechanisation of jute mills. They have been paying second-hand looms. The latest thing they are doing is that they are engineering fake claims from importing countries. They are getting fake claims for money and repatriating and they are getting a cut out of that.

I suggest to the Minister : do not listen to the cock and bull story of the employers and jute mill-owners. They are the worst type of slave-drivers in this world. We should hang our head in shame at what they have done to human beings during the last one century. I suggest to the Minister that he should go to Calcutta, join hands with the West Bengal Government, and try to give a fair deal to the workers who have given their blood and sweat to this industry.

SHRI B. R. BHAGAT : The subject matter of this falls directly under the purview of my colleague, the Labour Minister.

As soon as the Wage Board award expired, the question of a new wage fixing machinery was raised. He called all the

union leaders and employers and talked to them suggesting that there should be some wage fixing machinery. But the union leaders said that, that would take a long time, what about immediate payment? Therefore, that did not succeed. The West Bengal Government are now seized of the matter. They are talking over the matter. Both are doing the main exercise. I have suggested a *via media*. I have consulted the Labour Minister also. I know the workers cannot wait for long time, six months or so. I know the strike has also to be averted. I have suggested the setting up of a quick machinery with two representatives of the employers, two of the employees and an independent man commonly found out who can go into the problem and

recommend in four or five weeks. There should be an understanding that whatever the recommendations will be accepted. There is no harm in postponing the strike for a month or so. Whatever recommendations are made can have retrospective effect. This is the positive suggestion I have made. I am in close touch with the Labour Minister. If we can play a worthwhile role, either I can go or the Labour Minister can go there. We are seized of this and we will play a constructive role to settle this matter as quickly as possible.

18.32 hrs.

The Lok Sabha then adjourned till eleven of the clock on Thursday, July 31, 1969/Sravana 9, 1891 (Saka).