

# LOK SABHA DEBATES

## LOK SABHA

Friday, August 20, 1993/Sravana 29, 1915 (Saka)

*The Lok Sabha met at  
Eleven of the Clock*

[MR SPFAKFR in the Chair]

### ORAL ANSWERS TO QUESTIONS

[English]

#### Jute Mills in West Bengal

\*341 SHRI HANNAN MOLLAH Will the Minister of FINANCE be pleased to state

(a) the total number of jute mills in West Bengal

(b) the number of sick jute mills and the number of mills closed out of them

(c) the number of mills out of them which have been referred to BIFR during the last year and the current year so far

(d) the number of mills which have been running under BIFR rehabilitation scheme

(e) the present position of mills which are still closed and which are pending disposal by BIFR, and

(f) the steps taken by the Government for revival of these mills?

[Translation]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) (a) to (f) A Statement is laid on the Table of the House

#### STATEMENT

(a) There are 59 jute mills in West Bengal

(b) The number of sick jute mills in West Bengal registered by the Board for Industrial and Financial Reconstruction (BIFR) is 25. The

number of jute mills lying closed in West Bengal is 9 out of which 7 are registered with BIFR.

(c) Only one case of sick jute mill out of 25 mentioned above was registered in 1993. The other cases were registered prior to 1992.

(d) BIFR has sanctioned/approved rehabilitation schemes for 9 sick industrial companies in the Jute Sector in West Bengal.

(e) Out of 7 mills lying closed and registered with BIFR, in two cases revival schemes have been sanctioned/approved, one case was dismissed as non-maintainable, one case was dropped in one case draft scheme has been circulated for consent, winding up notice has been issued in one case and one case has been stayed by the court.

(f) Government have taken several measures for revival of the jute industry including creating of Jute Modernisation Fund, establishing Special Jute Development Fund, prescribing compulsory packaging of specified commodities in jute purchasing jute bags on cost plus basis, encouraging diversification through financial, fiscal and marketing support.

[English]

SHRI HANNAN MOLLAH Sir as the reply itself shows, the ground reality is that the jute industry and jute workers are in serious trouble. In violation of all rules and regulations, the jute mill owners are drastically reducing the number of workers and increasing their work load. The owners are also changing the manning patterns. They do not deposit the ESI and GPF contributions. The owners also use con-

tract labour widely and pay them lesser wages through vouchers. They also refuse to pay the PF gratuity and other benefits to the retired workers. Attacks on the workers by the jute mill owners are rampant and the workers are sometimes forced to accept unequal bilateral agreements.

In this situation I would like to know whether the Government is aware of the criminal activities of the jute mill owners. If so what steps the Government is taking to protect the interests of the jute mill workers. Reply to part (c) of my question is not satisfactory. A round about answer is given. So I would like to know what concrete steps the Government is going to take to revive the sick jute industry in West Bengal and other parts of the country.

[Translation]

DR. ABRAR AHMED: Mr Speaker, Sir, the first part of the question raised by the hon. Member is actually the concern of the Ministry of Textiles. The second query made by the Member is about the steps likely to be taken by the Government for revival of the sick industry. In this context, I would like to inform the hon. Member that the Government has always been making efforts to solve the problems being faced by jute industry. A Committee was set up in June 1992 under the Chairmanship of the Secretary in the Ministry of Textiles. The Government is considering the report submitted by the Committee. The recommendations made for diversification and modernisation of jute industry are being considered. Moreover, I would like to inform the hon. Member that the efforts made by the Government in view of the problems faced by this industry includes a thrust on food production under the Jute Packaging Material Act, production of sugar and hundred percent use of jute products in packaging the production of urea. The Government has ordered to undertake 65 to 70% packaging of cement produce by using jute material but few persons have however obtained stay order against this order by filing a writ in the Supreme Court. Moreover, the Government has also formulated a scheme under which jute-materials have to be purchased on cost plus basis which is likely to be incurred on pack etc. There has been some relaxation on the cost price of different products of different Jute Mill owners. It does also include a provision of delicensing the organised jute industry. The Jute Sector has also been included under the Multi Fibre Policy. Modernisation is being encouraged. Some

assistance has also been taken from Financial Institutions to take up modernisation schemes.

[English]

SHRI HANAN MOLLAH: Sir, as we see most of these measures are actually not yielding the desired result. There are certain NJMC mills which are taken over by the Government. Since they were facing a lot of problems they were sent to the Bureau of Industrial and Financial Reconstruction (BIFR). I find that it is also a useless body. I met them a number of times but they said that they have noticed them but they cannot take the ownership of these mills. I would like to know whether as a part of the conspiracy to privatise the NJMC mills they have been referred to the BIFR, if so what is the latest position of these mills and whether the Government will provide adequate fund to run these mills properly.

[Translation]

DR. ABRAR AHMED: Mr Speaker, Sir, so far as the matter of privatisation is concerned as raised by the hon. Member, there is no such proposal being contemplated at any level while so far as the issue of sick mills is concerned the issue is under consideration of the BIFR. Whatever package is suggested by the BIFR will be accorded with an assistance from financial institutions, Banks etc. The Government will certainly make an effort to abide by whatever package is finalised. The State Governments may go for waiving loans or it may look for other ways to obtain funds from the promoters.

[English]

SHRI NIRMAL KANTI CHATTERJEE: Sir, because jute production is bio-degradable therefore world over it is evincing greater interest than in the past compared to plastic packaging, etc. There are possibilities, and already there are indications, that a good deal of diversification is possible in the jute products. It can be used even for preparing the "chappals", clothing and so on. This is to indicate that there is a big potential market all over the world for jute products because it is bio-degradable.

But one of the main problems which arises in the jute industry in West Bengal and elsewhere is from the jute trading sector. We have been demanding nationalisation but we have not

been paid heed to. But, at least, this much has been conceded that raw jute, if it is available in the market and not sold, this Jute Corporation would buy them. Unfortunately, the Chief Minister is raising these questions and the Finance Minister seems to be deaf and instead of providing funds to the Jute Corporation of India, they are left on the fields and the unscrupulous traders buy it and then sell it at high price through an understanding with the jute industry and jute industry would be showing a loss while the jute traders would be showing a profit. In order to save the jute industry from this position, will the Finance Minister immediately provide funds to JCI so that, they can go to the market and buy jute?

[Translation]

DR. ABRAR AHMED · Mr. Speaker, Sir, the hon. Member has in the first part of his question suggested to find out some other uses of jute. This is a good piece of advice to be taken up by the Ministry of Industry and the Ministry of Textiles. The second point raised by the hon. Member is related to trade and that has got absolutely no concern with the Ministry of Finance.

[English]

SHRI NIRMAL KANTI CHATTERJEE · What is the response? Are you going to provide funds to them so that they can function? You say that you are not going to provide funds. Sir, nodding of head does not get recorded. Let the Finance Minister say something.

MR. SPEAKER · Why don't you do it as the Maharashtra Government had done it viz. for cotton procurement?

SHRI NIRMAL KANTI CHATTERJEE · That is a different issue.

SHRI SUDARSAN RAYCHAUDHARI · Sir, regarding jute industry in West Bengal, I must say that the Government is afflicted with a sort of schizophrenic attitude. It is not that the Government of India has never come out with schemes, but what is the fate of those schemes, that we do not know. I want to know from the hon. Minister, whether the Government agrees to have an appraisal of the purpose target and performance of the Jute Development Fund that was set up during late Shrimati Indira Gandhi and late Shri Rajiv Gandhi. What was the amount utilised; by how many mills; and

what was the net result in developing the entire jute industry?

Sir, what steps, the Government had taken—where these Funds have not been properly utilised rather criminally used—against several jute mills in West Bengal? Because, I know out of this Fund, certain allocations were made to some of the jute mills.

[Translation]

DR. ABRAR AHMED · Mr. Speaker, Sir, it is a continuous process have a monitoring and to see the exemption part of whatever schemes are launched by the Government. At the moment I am not having comprehensive details regarding the particular scheme of the Government about which the hon. Member has asked. I will make it available to him after obtaining details in that regard. To the question of the hon. Member regarding the steps taken by the Government to promote jute industry I have already replied in detail while giving reply to the original question.

MR. SPEAKER · Shri Mohan Rawle

SHRI MOHAN RAWLE · I would like to ask regarding textile industry.

[English]

MR. SPEAKER · This is on jute and not on cotton.

DR. SUDHIR RAY · Don't you allow me?

MR. SPEAKER · I will allow you. But then I should allow other Party Members also. It is very rude on your part to ask that question. Now, you can ask that question. No arguments, please. You ask the question, if you want to.

DR. SUDHIR RAY · Sir, it is admitted that there is gross under-utilisation of the capacity of NJMC jute mills as man-machine ratio is fully utilised.

What steps you have taken to ensure full capacity utilisation of the NJMC because there is a loss of production and they are sick? Due to this pretext, you have referred them to the BIFR.

MR. SPEAKER · The Finance Ministry is responsible for the funds; the Textile Ministry is responsible for running them. So, we have to distinguish these two things. If you can reply, you kindly reply.

*[Translation]*

Dr ABRAR AHMED Mr Speaker Sir I would like to inform the hon Member in response to the issue of capacity raised by him that definitely sickness in industries emerges due to certain factors like lack of capacity utilisation market and demand conditions This is the reason why the cases of sick industries are referred to BIFR

*[English]*

SHRI CHITTA BASU The Ministry of Finance does recognise the necessity and the urgency to go into the entire question of the jute industry not in West Bengal but also in Bihar and Andhra Pradesh because this industry was once very much promising and flourishing Now the JMC is going to the dogs now it is going to be closed as a matter of fact Therefore does the Government propose to have a special committee of the jute industry so that the financial need of the industry can be properly ascertained and necessary follow up action taken by other related Ministries?

*[Translation]*

DR ABRAR AHMED Mr Speaker Sir the hon Member rightly stated that jute mills are functioning in other States too besides West Bengal In all there are 73 jute mills and out of these 59 are functioning in West Bengal All the jute mills of West Bengal have been referred to BIFR and out of remaining 14 which are outside West Bengal 8 have been referred to BIFR All these referred jute mills are sick and I accept the assertion of the hon Member in this regard Out of 59 jute mills of West Bengal 9 are lying closed and out of those which are outside West Bengal 5 are lying closed Earlier I referred to the Committee and the measures taken in this regard like concessions given by the State Governments including West Bengal

SHRI S M LALJAN BASHA Mr Speaker Sir a famous jute mill of Andhra Pradesh Shri Bajrang Jute Mill is lying closed and the case of this mill is also pending with BIFR However nothing has been done till date and as a result 3000 workers have been rendered unemployed Lot of delay is taking place in the cases pending with BIFR and whenever we approach BIFR, v- are informed that the Judge is not present

MR SPEAKER Is the Government doing anything to remove delay in settlement of cases referred to BIFR?

SHRI S M LALJAN BASHA Sir a number of difficulties are faced in banks too because banks are not coming forward to give any assistance While the mill owners sell whole the goods but the workers are sitting idle I raised this matter last year too and

MR SPEAKER You raised an important issue but please do not overemphasise your point

SHRI S M LALJAN BASHA Mr Speaker Sir they submit that for want of Judges delay takes place

DR ABRAR AHMED Mr Speaker Sir it is a fact that the Shri Bajrang Jute Mill of Andhra Pradesh which has been referred by the Hon Member has been lying closed since 19th March 1991 and 2400 workers have been rendered unemployed as a result thereof However the case is pending with BIFR There cannot be two opinions about delay Sir through you I would like to inform the Hon Member that till date 1895 cases in all have been referred to BIFR and out of these 1378 cases have been registered Out of these 1378 cases 268 were dismissed as not maintainable 119 were under the category approved under section 72 295 were those which were sanctioned under section 84 and 221 cases were covered under section 21 as winded up recommendation This way in respect of 909 units action was taken under various sections

I do accept that in respect of certain units delay does take place and I am myself a sufferer of the same As a Member of Parliament I also used to raise questions regarding Jaipur Udyog of Sawai Madhopur The Government is continuously pondering over how best to minimise time delays or to improve the situation

*[English]*

#### Agricultural and Rural Debt Relief Scheme

\*342 DR. K. D. JESWANI  
SHRI HARISINH CHAUDA  
Will the Minister of FINANCE be pleased to state

(a) whether the Agricultural and Rural Debt Relief Scheme, 1990 has come to an end

(b) if so, the reasons therefor

(c) whether the Government propose to formulate any other such scheme to give more benefits to farmers, and

(d) if so, the details thereof?