

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2994  
ANSWERED ON:16.03.2001  
WITHDRAWAL OF SUBSIDY  
CHARAN DAS MAHANT

**Will the Minister of FINANCE be pleased to state:**

- (a) Whether the government are committed to put a complete halt to Direct/Indirect Subsidy being enjoyed by Jute mills;
- (b) if so, whether the Government have identified the areas for halting such subsidy;
- (c) if so, the details thereof;
- (d) whether the Government has recently extended the provisions of JPM Act, 1987 as demanded by Jute Mill Owners and continued the Indirect Subsidy enjoyed by them; and
- (e) if so, the reasons for this double approach by the Government and action taken to halt such subsidy?

**Answer**

Minister of State in the Ministry of Finance (SHRI BALASAHEB VIKHE PATIL)

(a) to (e): No direct/indirect subsidy is being given by the Government to jute mills. However, the Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, 1987 provides for the compulsory use of jute packaging materials in the supply and distribution of certain commodities in the interests of production of raw jute and jute packaging material and of persons engaged in the production thereof and the matters connected therewith.

The Sub section (1) of Section (3) of the aforesaid JPM Act, 1987 also empowers the Central Government to specify the percentage of packaging of commodities which are required to be packed in jute packaging material.

Under the aforesaid provisions, the Government has prescribed the norms of 100% each for Foodgrains & sugar and 20% for urea for Mandatory Packaging in jute bags for the jute year 2000-2001 vide notification dated 25.10.2000, which is valid upto 30.06.2001. In case of any disruption in supply, there is a provision of dilution, after consultation with the user Ministry to the extent of 20% each for Foodgrains and sugar and 5% for urea.

Since this Compulsory Packaging Order extends to all over the country irrespective of Government or Private Sector to fulfill the objective of the Act, this can not be termed as direct or indirect subsidy. The prices are determined by market forces.