

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

STARRED QUESTION NO:220
ANSWERED ON:27.08.2012
EXTERNAL MARKET ASSISTANCE
Choudhary Shri Nikhil Kumar

Will the Minister of TEXTILES be pleased to state:

- (a) whether the External Market Assistance (EMA) scheme for jute sector was discontinued by the Government;
- (b) if so, the reasons therefor along with the likely impact of the decision on the performance of jute mills;
- (c) whether the Government proposes to restart the EMA scheme;
- (d) if so, the details along with the number of jute mills modernised/proposed to be modernised under the EMA scheme; and
- (e) the steps being taken by the Government to promote production and import of jute?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SHRI ANAND SHARMA)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 220 TO BE ANSWERED ON 27.08.2012 BY SHRI NIKHIL KUMAR CHOUDHARY REGARDING EXTERNAL MARKET ASSISTANCE.

(a): Yes Madam. The External Market Assistance (EMA) Scheme was discontinued with effect from 1st April, 2007.

(b) & (c): The objective of External Market Assistance (EMA) Scheme was to increase the production and export of diversified Jute products by subsidizing their prices to attract the consumers till such time that these products could establish themselves in the market. Main reasons for discontinuing the EMA scheme included the Jute Manufactures Development Council (JMDC) spending between 75%-80% of its Non- Plan funds for disbursing the EMA claims. This large scale infusion of funds into the EMA scheme had adversely affected the other activities of the JMDC for the overall development of Jute sector. Moreover, the benefits of EMA went largely to a few big players in the field. The overall exports showed a decline with the withdrawal of the EMA scheme. It is to mention that the EMA Scheme is not the sole factor which affects the quantum of export of jute products. The quantum of exports also depends on other factors like cost of raw material, overall production of the raw jute, strike in jute mills, modernization of mills, skill development etc. However, to offset the affect of EMA, the Govt. has introduced the Export Market Development Assistance (EMDA) scheme for the Jute industry since April 2010 and the exports have shown increase.

(d): There was no provision for modernization of the Jute Mills under the EMA Scheme.

(e): With the aim of modernisation, diversification and overall development of the jute sector, the Government launched the Jute Technology Mission (JTM) during 2006-07 with a total outlay of Rs.355.55 crore. The period of this mission has been extended upto 2012-13. The objectives of the mission mainly include:-

- (i) Improve the yield and quality of jute fibre by (a) developing new varieties;(b) developing improved retting procedures; and, (c) promoting scientific agronomic practices;
- (ii) Strengthen the existing infrastructure to develop and supply quality seeds through the public-private partnership framework;
- (iii) Implement quality improvement programmes with a thrust on retting and the adoption of other innovative extraction technologies;
- (iv) increase the supply of quality raw material to the jute industry at reasonable prices so that they can meet the growing demand for better quality yarn, twine and fabric for Diversified Jute Products (JDPs);
- (v) Explore the prospects of Commercial utilization of sun hemp, ramie, jute and mesta in the pulp and paper industry;
- (vi) Establish strong market linkages by improving the available markets, and put in place a rural network of market facilities for the benefit of jute growers;
- (vii) Modernize plant and machinery in the jute industry, adopt international standards, and upgrade skills;

(viii) Take up market promotional activities and explore new areas to increase the consumption of raw jute, Jute Diversified Products (JDPs), and increase earnings through export.

There is no proposal/scheme with the Government to promote the import of jute.