

**14.59 hrs.**

**Title: Discussion on the Jute Manufactures Cess (Amendment) Bill, 2001 (Bill passed)**

**THE MINISTER OF TEXTILES (SHRI KASHIRAM RANA):** Sir, I beg to move:

**"That the Bill to amend the Jute Manufactures Cess Act, 1983, be taken into consideration."**

Mr. Deputy-Speaker, Sir, I am privileged to place before this august House the Jute Manufactures Cess (Amendment) Bill, 2001, for consideration and adoption.

Members are aware that the jute sector plays an important role in the economy of the country in general and in the eastern region in particular.

About four million farmers, most of them small and marginal, are engaged in jute and mesta cultivation, and about two lakhs workers are employed in the jute industry. Jute sector also provides indirect employment to a considerable number of people.

**15.00 hrs.** (Dr. Laxminarayan Pandeya *in the Chair*)

Sir, for the development of production of jute manufactures and to help the growth of jute sector, the Jute Manufactures Development Council (JMDC) was set up originally in 1976 under the Industries (Development and Regulation) Act, 1951, as a Development Council. It was established as a statutory body in the present form under the Jute Manufactures Development Council Act, 1983, for taking up supporting activities related to development of the jute sector. For this purpose, the Council receives grants from the Consolidated Fund of India.

The Jute Manufacture Cess Act, 1983 was, therefore, enacted to provide for the levy and collection, by way of cess, a duty of excise on jute manufacturers. The case is being collected by the Central Government and credited to the Consolidated Fund of India. Funds are provided to the Jute Manufactures Development Council by appropriation through the Budget. Under the said Act, cess is collected as a duty of excise at a fixed rate on different articles on tonnage basis specified in the Schedule to the Jute Manufactures Cess Act, 1983. At present, the cess is collected at the maximum rate specified in the Schedule to the Jute Manufactures Cess Act, 1983. The cess collections have been found to be inadequate to meet the requirements for development and promotion of activities related to the jute industry as specified in Section 7 of Jute Manufactures Development Act, 1983.

It is, therefore, considered necessary to generate additional resources through a revised cess to enable JMDC to take up a range of activities for the overall development of the jute industry, particularly, in the context of the need for improving productivity and competitiveness in the jute sector. It is, therefore, proposed that the cess on the articles of jute manufactures may be levied on *ad valorem* basis instead of per tonne basis.

The levy of cess on *ad valorem* basis instead of per tonne basis will also enable the collections to keep pace with the increasing value of the jute manufactures. The increased collections will also enable JMDC to meet its obligations for taking various measures for development of jute manufactures and the modernisation of the jute sector, including jute industry.

The proposal is to amend the Jute Manufactures Cess Act, 1983 to provide for levy of cess on jute manufactures at an actual rate of one per cent till a different rate is specified by the Central Government subject to a maximum of two per cent. The Government have taken care to ensure that the additional burden on account of the proposed increase is minimal.

I am sure that with additional resources, JMDC will be able to play a pro-active role in the modernisation of the jute industry and enhance the export competitiveness of the jute products.

Sir, I commend the Bill to the House for adoption.

MR. CHAIRMAN : Motion moved:

**"That the Bill to amend the Jute Manufactures Cess Act, 1983, be taken into consideration."**

SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): Sir, while I rise to support this increased cess Amendment, I would like to inform the House, through you, that though the hon. Minister in his objective statement had made it very clear of his pious wishes to modernise the jute industry development etc., yet in para (3), the hon. Minister has admitted that at present the jute scenario in the Eastern India and specially in Bengal has reached the most darkest age of the jute development programme since it was initiated.

Our beloved leader, late Prime Minister, Bharat Ratna Shrimati Indira Gandhi had wide interaction in the early 1970s, with the trade unions of the jute mills and a few other concerns and took the courageous initiative for the first time, to bring a few large scale jute mills into the public sector, forming National Jute Manufacturing Corporation (NJMC). So, for the first time, under her leadership, a large chunk of jute mills came under the public sector and she nationalised the national jute mill and a few other jute mills into one.

The whole objective view was this. It was done not only to ensure and protect the employment of the people, but also to meet the demands of this country and other countries in regard to use of jute. It is a fact that in the whole world, soon after 1980, the entire world's scenario of construction industry gripped with plastic fibres, an alternative to jute including packaging materials, resulting in a situation where there was a big threat to the jute industry both in Bangladesh and in India.

Bangladesh, soon after its freedom, tried to modernise its jute units, but could not compete in the international level. It is a Least Developed Country, that is, LDC and India's status is that of a Developing Country, that is, DC. So, Bangladesh had a special advantage to sell its jute in comparison to the Indian jute.

This further developed sickness of various other jute industries both in Bengal and otherwise, in the rest of India also. Shrimati Indira Gandhi thereafter took enough care to develop and modernise other jute units. You may see from the whole process of legislation that in 1976, the Jute Manufacturing Development Council was formed when Shrimati Indira Gandhi was the Prime Minister. The Cess Management Act was also created in 1983 when she got the mandate in 1980. Just a year before her death also, she had an interaction with the Government of Bengal as well as the jute manufacturers and the trade unions, and considered this aspect. She thought that certain amount of revenue could be generated in terms of cess from among the jute manufacturers which could be ploughed back for the modernisation of the units. But what happened actually?

I give the figures. The Minister may correct me, if I am wrong. Since the introduction of cess – when it was one per cent – 90 per cent of functional jute mills, till 1988 did not even attempt to modernise. I remember that figure because I was the then Minister in the Government looking after support and supply of jute B-TWILL Bags and putting that into jute industry. Till 1988, it was found that 90 per cent of the functional jute mills of those days did not even attempt to modernise their units' plant and machinery; and thereby compelling the trade union leaders and workers to carry the load per tonnage, more than it was fixed in the industrial disputes settlement. Therefore, the unrest among the labour increased and intensified and no effective monitoring and control were done to those manufacturers.

Later on, I may remind the House that when Shri Morarji Desai and Shri V.P. Singh took over, the crisis reached the peak. I can say authoritatively today that the actual modernisation of jute mill – I am talking of actual modernisation of plant and machinery and also infrastructure – in Bengal was available only in 3-4 jute mills. One of them is that of Shri Arun Bajoria, who has tried for Bombay Dyeing, and also that of 2-3 other individuals. No other jute mill was brought into purview of modernisation. They changed the ownership in *benami* names, they sold the property to the promoters to construct buildings, they retrenched labour, sometimes they declared closure and they also took away the PF. I am sorry to say that Bengal stood first in India in cheating the employees regarding PF in the jute sector alone. Till today, it remained first in this. The managements changed the property in *benami* names, sold out the property and took away their PF also. Both the Union Government and the State Government remained silent.

The Government is talking about development! Does the Government know who were the employees working in the Bengal Jute industries? They were not *Bengalis* belonging to the State of Bengal. Right from the days of the foreign rule to the days of national struggle and till today, the Jute industry of Bengal caters to the needs of one out of every five men residing either in the villages of north India, entire eastern U.P., North Bihar or parts of Rajasthan. The poor people go to the village post office thinking that the money orders for their wages or salaries as the jute mill workers will come. Nobody took care of the plight of these people. Shri Sharad Yadav hails from Bihar. He knows what is happening in Bihar. Krishanganj Mill is closed and NJMC mills are at the verge of closure. The Government gave a directive to wind them off. The workers may form a cooperative body and sell it. I am not blaming the Minister. He has sympathy for them but what is the scenario?

When the Government is talking about the development, now for the last five years, the whole world is slowly switching over to jute because the environment specialists have given a verdict in the courts of their respective lands that use of plastic bags or plastic materials leads to health hazards and, therefore, they should go back to the use of jute. Has the Government made a comprehensive study as to what will be the impact of this decision of the environmentalists and how best the Indian Government will exploit the advantage of this decision to further reform the jute industry to respond to the challenge of the world? By this way we could also save the economy of our country.

It seems to me that the Government has not attempted itself towards this goal. It has no perspective planning or thinking in this regard. During the national days there was a movement to oppose the Indigo cultivation. It was

considered as the national pride of our movement. A famous drama '*Neel Darpan*' was written by Dinabandhu Mitra. Today, the constituency which I represent, is the largest quality jute grower, after Assam, in India but the farmers are totally disgusted. They think there is no point in going for jute cultivation as they do not get right price. No jute mill is functioning properly even for a year at stretch. Maybe it works only for five, six or nine months in a year. When I used to represent the Howrah constituency, every alternate day the law and order problem was created in the city only because of the unrest in the jute industry. If you go to Howrah today, you will find on either sides of the GT road, on the three-fourth of the jute mill land, big mansions, big family quarters, big buildings and big shopping arcades. I wonder where the poor labourers have gone without getting either their wages or provident fund! The same management shifted the industry to Bangalore, Mumbai or elsewhere by sucking the blood of the jute mill growers and workers.

I am not blaming you, Shri Rana. Irrespective of the colour of any Government, every time there is a lack of concern for the jute growers and jute workers. Today, the Government may feel pride in boosting of our civilisation if it takes care of the jute industry. The Government has proposed to increase the cess on jute industry to support the Cess Act per tonnage Ad Valorem two percent and one per cent with the declared intentions of various measures for development of jute manufacturers and modernisation of the jute sector including the jute industry. Can the Government spell out various measures? What will the Government do with the money that it will get out of the Consolidated Fund of India? Will the Government take a decision that by talking to the concerned State Governments it will take care to see that every provident fund due being claimed by the jute workers will be taken care of? If the government cannot say it now, I am sorry to say that the people outside suspect that there is a hand in glove arrangement between the Government and the jute management.

Can you spell out how many jute mills have been modernised or are going to be modernised during the Tenth Five Year Plan? How many workers are there? Do you know the number of jute mills which have reached the optimum level of modernisation? Modernisation does not mean taking away the workers. I know your officer will give you some report that this mill had 10,000 workers and now it has 2000 workers, so, it has been modernised. It is not modernisation. It is bad management. So, why are you applying this cess? You are asking Parliament to double the cess. The Parliament will approve this. But how do you take Parliament into confidence and say that with this money you will ensure the interest of the jute growers and workers by way of modernisation. How do you respond to the world market scenario? The United States have stopped using plastic bags. A few days ago, I was in Europe. There was a seminar by the common people. They were asking people not to touch plastic bags. They are now shifting to jute. Did your Ministry plan to respond to this challenge and to convey the message to the jute manufacturers? No Perspective Plan is drawn. You are going to double the cess because your officers have told you have to get some more money for modernisation. The Singhanias, the Birlas, and others are looting the workers and now they are ploughing back their money in software industry at places like Bangalore, Hyderabad, Kolkata, etc. Whosoever has left, in the name of their development, you are taking more money. You are asking Parliament to increase the cess. We are supporting you. But you explain and convince Parliament that with this amount what kind of modernisation and development you are ensuring to the jute industry.

Sir, I may tell you one thing. If the jute industry of West Bengal collapses, which is on the verge of collapse, and if NJMC is closed, it will create law and order problem. It will not confine to West Bengal alone but it will spread its flames to Bihar and Eastern Uttar Pradesh also. I am telling this because I know the agony of the workers. You do not know what is happening. Therefore, I would request the hon. Minister to decisively think to revive NJMC and also decisively tell Parliament what action he proposes to take for the real modernisation. He should also tell us how is he going to respond to the challenge of the world environment scenario to further increase the jute cultivation and production with remunerative price to the growers. He should also ensure the protection of the workers.

With these words, I support the proposal of the Government in this Bill.

**KUMARI MAMATA BANERJEE (CALCUTTA SOUTH):** Sir, I rise to support the Bill because the intention of the Government is to modernise the jute industry through the money which it would generate by way of cess. But as Shri Dasmunsi mentioned, I feel it is our moral duty to say that it is a fact that jute industry is our traditional industry. The tea industry, the jute industry, and the textile industry are part of our national heritage. It is a fact that now the situation is deteriorating day-by-day. The jute farmers are not getting remunerative price. The Central Government is sending money but this money does not reach the poor jute growers. Even the money which is given by the Jute Corporation does not reach the jute growers. There are some middlemen. Due to these people, the money is not reaching the real people. This money is being diverted for other purposes.

I would like to request the Minister to please see in how many cases this is being done. If he enquires into the matter, he would see that it is a matter of fact. Earlier also I raised the issue and the Government has got the information that the money is not reaching the people. That is why, there must be some monitoring system to see that the money you are sending is being utilised for the same purpose for which it has been sent. There has to be

accountability on the part of those who receive this money. Some vigilance has to be kept on this count.

Secondly, you have to see that with the support price that you are offering the farmers, they are not going to die. There are so many starvation deaths. I may request the hon. Minister to take this matter very seriously, so that this traditional industry is saved.

Thirdly, we have many NJMC units not only in West Bengal, but all over the country. So, I may request you to see that the workers of NJMC get their salaries and wages. Even their PF amount is being misused. I would request you to kindly take care of this.

In the name of modernisation what we have seen is that some people are coming and purchasing the jute industry. Within six months they close down the industry and thereafter take money from the bank for some *benami* industry. They are getting this money because the banks do not know whose money is related to which company. I have raised this issue on an earlier occasion also. I am reiterating that whoever are doing this to the jute industry have to be blacklisted by the Government. After taking money from the bank and the Government, they divert the money for other purposes. If they misuse the money like this, the Government and the financial institutions have to blacklist them and not give them money for opening any other industry. Government has to take care of this aspect also.

Of course, you may go for modernisation, but you will appreciate that now-a-days the trend of economic reforms does not mean that only common people have to be touched. I feel the economic reforms would really be successful if you involve the people. If you hit them and hurt them, the economic reforms would not be successful; if you involve them and take them along, the economic reforms would be successful.

With these words, I thank you very much for bringing forward this Bill. At the same time, I would like that protection is given to the jute growers and workers of the jute industry.

SHRI PRIYA RANJAN DASMUNSI : Sir, I would just like to make a request to the hon. Minister from the entire Opposition that if he can spare some time after this part of the Session to come to Kolkata, he can spend one day with all the political parties, the State Government, trade unionists and the bankers to understand the grassroots situation and to respond to them later, so that there will be a comprehensive plan for the improvement of the jute industry as a whole. We are all here to help the Government to see in what manner this should be done.

**श्री काशीराम राणा :** सभापति महोदय, दोनों माननीय सांसदों ने इस बिल को जो सपोर्ट किया है, मैं उसके लिए उनका बहुत आभारी हूँ और खुश भी हूँ। उन्होंने यहां पर अपने जो भी विचार रखे हैं और जो सवाल अपने वक्तव्य में उठाये हैं, उसके बारे में सरकार बहुत ही गम्भीरता से विचार करेगी।

इस बिल में हम एडवेलोरम एक परसेंट सैस लगाने के लिए हाउस में आये हैं। इससे जो मनी जनरेट होगी, वह सिर्फ माडर्नाइजेशन के लिए ही हम यूज करेंगे, ऐसी कंडीशन हमने रखी है, क्योंकि जैसा माननीय सांसद श्री दासमुंशी ने कहा कि जूट इंडस्ट्री का माडर्नाइजेशन हुआ ही नहीं है, यह सही बात है कि अभी तक जिस तरह से टैक्सटाइल में और बाकी सैक्टर में माडर्नाइजेशन हुआ है, वैसा माडर्नाइजेशन जूट सैक्टर में हुआ ही नहीं है।

इसके लिए सरकार ने काफी कोशिश की, लेकिन वह नहीं हुआ। हमें लगता है कि इस सैस से हम आधुनिकीकरण की दिशा में जाएंगे। हमने इसके लिए उद्योगों पर भी दबाव डाला है और यह कहा है कि अगर आधुनिकीकरण नहीं किया, तो इसके अच्छे परिणाम नहीं होंगे। वे लोग भी इस बात को समझते हैं और उन लोगों की तरफ से यह प्रपोजल आया है कि हम भी इसे स्वीकार करेंगे तथा आधुनिकीकरण करेंगे।

जहां तक एन.जे.एम.सी. का सवाल है और यह कहा गया कि ये मिलें बंद नहीं होनी चाहिए। सरकार भी नहीं चाहती कि जूट मिलें बंद हों। इन्हें किस तरह से चलाया जाए, किस तरह से इनका आधुनिकीकरण किया जाए, हम इस पर विचार कर रहे हैं और हम इन्हें चालू करने के लिए पूरी कोशिश करेंगे।

मिडलमैन के बारे में कहा गया कि जो फंड दिया जाता है, जैसे एक्सटर्नल मार्केटिंग की असिस्टेंस के लिए हम पैसा देते हैं, उसका दुरुपयोग न हो। सरकार इस बात की सावधानी रखेगी कि वह पैसा कहीं और यूज न हो, डाइवर्ट न हो और उसका दुरुपयोग न हो। परस्पेक्टिव प्लान के बारे में अच्छा सुझाव दिया गया है और कहा गया है कि जो रेवेन्यू जनरेट होगी, उसका यूज किस तरह से सरकार करने वाली है। हम परस्पेक्टिव प्लान के बारे में सोचेंगे। माननीय सदस्य ने बंगाल के जो लोग इससे सम्बन्धित हैं, उनसे बात करने का भी सुझाव दिया है, मैं उससे सहमत हूँ। मैं आशा करता हूँ कि यह सदन इस विधेयक को सर्वसम्मति से पास करेगा।

MR. CHAIRMAN : The question is:

"That the Bill to amend the Jute Manufactures Cess Act, 1983, be taken into consideration."

*The motion was adopted.*

MR. CHAIRMAN: *The House will now take up clause-by-clause consideration of the Bill.*

**Clause 2- Substitution of a new schedule for  
Schedule to Act 28 of 1983.**

MR. CHAIRMAN: The question is:

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

**Clause 1 Short Title & Commencement**

*Amendment made:*

"Page 1, line 4,—

for "2001"

substitute "2002" (2)

(Shri Kashiram Rana)

MR. CHAIRMAN: The question is:

"That clause 1, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 1, as amended, was added to the Bill.*

**Enacting Formula**

*Amendment made:*

"Page 1, line 1,—

for "Fifty-second"

substitute "Fifty-third" (1)

(Shri Kashiram Rana)

MR. CHAIRMAN: The question is:

"That Enacting Formula, as amended, stand part of the Bill."

*The motion was adopted.*

*Enacting Formula, as amended, was added to the Bill.*

*The Long Title was added to the Bill.*

**SHRI KASHIRAM RANA:** I beg to move:

"That the Bill, as amended, be passed."

**MR. CHAIRMAN:** The question is:

"That the Bill, as amended, be passed."

*The motion was adopted.*

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