

**COMMITTEE ON PUBLIC
UNDERTAKINGS**

(1978-79)

(SIXTH LOK SABHA)

FORTY-SEVENTH REPORT

**Action Taken by Government on the recommen-
dations contained in the Fourteenth Report of the
Committee on Public Undertakings (Sixth Lok Sabha)**

ON

**JUTE CORPORATION OF INDIA LTD.
ORGANISATIONAL MATTERS**

**MINISTRY OF INDUSTRY
(Department of Industrial Development)**

*Presented to Lok Sabha and
Laid in Rajya Sabha on 26th April, 1979*



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NEW DELHI**

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Forty-seventh Report on Action Taken by Government on the recommendations contained in the Fourteenth Report of the Committee on Public Undertakings (Sixth Lok Sabha) on Jute Corporation of India Ltd. - Organisational Matters.

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(1978-79)

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**SUB-COMMITTEE ON ACTION TAKEN OF THE COMMITTEE
ON PUBLIC UNDERTAKINGS**

(1978-79)

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9. Dr. Subramaniam Swamy
10. Shri Era Sezhiyan
11. Shri Viren J. Shah

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Forty-Seventh Report on Action Taken by Government on the recommendations contained in the Fourteenth Report of the Committee on Public Undertakings (Sixth Lok Sabha) on Jute Corporation of India—Organisational Matters.

2. The Fourteenth Report of the Committee on Public Undertakings was presented on the 31st July, 1978. Replies to all the recommendations contained in the Report were received in two batches in January and March, 1979. The replies of the Government were considered by the Action Taken Sub-Committee of the Committee on 23rd April, 1979. The Report was finally adopted by the Committee on Public Undertakings on 24th April, 1979.

3. The state of indecision in issuing of instructions by the Government with regard to location of headquarters and payment of remuneration to part-time Chairmen is distressing. Further there has been inordinate delay in finalisation of the Conduct, Discipline and Appeal Rules and Recruitment and Promotion Rules of the employees of JCI. These require to be expedited.

4. Analysis of action taken by Government on the recommendations contained in the 14th Report of C.P.U. (6th Lok Sabha) is given at Appendix.

NEW DELHI;
April 25, 1979.

Vaisakha 5, 1901 (Saka).

JYOTIRMOY BOSU,
Chairman,
Committee on Public
Undertakings.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations contained in the Fourteenth Report (Sixth Lok Sabha) on Jute Corporation of India—Organisational Matters which was presented to Lok Sabha on the 31st July, 1978.

2. Action taken notes have been received from Government in respect of all the 12 recommendations contained in the Report. These have been categorised as follows:—

- (i) *Recommendations/observations that have been accepted by Government.*

Serial Nos. 1 to 11 (11 recommendations).

- (ii) *Recommendations/observations which the Committee do not desire to pursue in view of Government's replies.*

Serial No. 12 (1 recommendation).

- (iii) *Recommendations/observations in respect of which Government's replies have not been accepted by the Committee.*

Nil.

- (iv) *Recommendations/observations in respect of which final replies of Government are still awaited.*

Nil.

The Committee will now deal with the action taken by Government on some of their recommendations.

Provision of a car for exclusive use of the part-time Chairman
(Recommendations Serial No. 3, 5 & 6)

The Committee were shocked to find that the Bureau of Public Enterprises whose main job was to regulate the functioning of JCI and effect economy, had been a party to the fantastic and wasteful expenditure involved in the provision of full time car to the part-time Chairman. The Committee had also observed that the part-time Chairman should be entitled only to a reasonable honorarium or in lieu thereof fees for attending meetings.

The Ministry in their reply have stated that the question of location of Headquarters of part-time Chairman and review of the existing scale of remuneration for part-time Chairmen of Public Enterprises are under the consideration of the Bureau of Public

Enterprises and that various aspect of the matter were being comprehensively examined with a view to finalising the Government's policy thereon.

The Committee are distressed to note that even after a lapse of more than six months Government have not been able to make up its mind in regard to location of headquarters and payment of remuneration to part-time Chairman. The Committee require that Government should finalise this matter and issue the revised instructions. Performance of the Ministry of Industry particularly have been extremely poor and non-cooperative. It transpires that they are not in a position to give a reply. They either give evasive replies or keep silent over it which amounts to admission of Committee's contention.

Inclusion of representatives of growers' and Jute Growing States in the Board of Directors of the JCI.

(Recommendation Serial No. 7)

The Committee had noted with regret that during the earlier years, not even one representative of the jute growers' organisations had been included in the Board of Directors of the J.C.I. The Committee desired that the Board of Directors of the JCI should be so constituted at all times that the interests of the growers were fully safeguarded by including adequate number of representatives of Jute Growers/Growers' organisations and representatives of State Governments from the jute growing areas in the Board.

The Ministry in their reply have stated that the Board of Directors of the JCI had been reconstituted and the new Board consisted of representatives of jute growers to be nominated by the State Governments of West Bengal, Andhra Pradesh, Assam, Bihar and Orissa by rotation.

The Committee find that their recommendation has not been fully implemented by the Government as representatives of State Governments of Andhra Pradesh, Assam, Bihar and Orissa have not been included in the Board of Directors of JCI. The Committee require that as originally recommended the representatives of these State Governments should also be included in the Board of Directors of JCI. There is no reason for the Ministry to exclude these States which are also producers of Jute.

Recruitment and Service Conditions Rules

(Recommendation Serial No. 9)

The Committee had expressed their concern over non-formulation of any service condition rules for the employees of the JCI

even after six years of its operation and had recommended that formulation of those rules should be taken up immediately and finalised without any further delay.

The Ministry have stated in their reply that the Recruitment and Promotion Rules have been drafted and discussions were being held so that implementation thereof could be effected early.

The Committee are distressed to note the slow pace at which the Jute Corporation of India and the Government have been moving in an important matter like the Conduct, Discipline and Appeal Rules and Recruitment and Promotion Rules for the employees of the Corporation. It is very strange that the rules which were adopted by the Board of Jute Corporation of India in 1976 have not been finalised so far. The inordinate delay on the part of the various authorities is indeed deplorable. The Committee require that the Government should ask the Jute Corporation of India and other authorities concerned to finalise the Conduct, Discipline and Appeal Rules and Recruitment and Promotion Rules for the employees of JCI within three months as any delay in these matters is likely to create a lot of avoidable administrative problems. The Committee should be informed regarding the finalisation of the rules within two months and at the same time it should be adequately mentioned in the Annual Report of the Corporation.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1)

The Committee find that for a part-time Chairman, who had hardly contributed anything towards the advancement of the cause for which the Jute Corporation stood, the Corporation had to shell out as big an amount as Rs. 6,000 per month, apart from an honorarium of Rs. 1,000 p.m. The Committee condemn this sort of decision on the part of the Government which was nothing but bestowing political patronage. This practice should not be allowed to continue.

(Para 1.9)

Reply of Government

Shri Dwaipayan Sen was appointed as a part-time Chairman of the Jute Corporation of India with effect from 16-8-1972. He was sanctioned a monthly honorarium of Rs. 1,000 on a consolidated basis in accordance with a circular order issued by the Bureau of Public Enterprises in November, 1972. The other perquisites were also accordingly regulated, keeping in view the provisions of the aforesaid circular which was specifically formulated to deal with men from public life who agreed to devote part of their energies for work in the public sector.

Shri Sen vacated his office on 31-7-1976. At present the J.C.I. has a full time Chairman-cum-Managing Director in Calcutta. [Department of Industrial Development, O.M. No. 20/16/78-Jute (V) dated 3-3 1979].

Recommendation (Serial No. 2)

The Committee are amazed to find that the headquarters of the part-time Chairman of the J.C.I. (Shri Dwaipayan Sen) were located at Delhi, where there is no activity, whatsoever relating to jute trade or jute industry, except that he was near the seat of power at Delhi. The Committee cannot over emphasise the fact that the Chairman has his real functions at a place where the Office of the

Jute Corporation of India is located, namely, Calcutta. They are not satisfied with the explanation of the Corporation that as Chairman, he would have occasions to consult the Ministry at Delhi as and when the Corporation's business warranted such consultations. The Committee are, therefore, positive that the location of the part-time Chairman's headquarters at Delhi was nothing but an infructuous and wasteful expenditure. This is reprehensible.

(Para 1.10)

Reply of Government

The main responsibility of the part-time Chairman was overall general supervision of the functioning of the Corporation and maintenance of contact with the general public, the growers of raw jute and the Government. At the time of his appointment, Shri Sen was a practising solicitor in the Supreme Court of India. It was felt that it would not be reasonable to expect him to shift his headquarters to Calcutta on a part-time assignment with an honorarium of Rs. 1000 p.m. Moreover, there was a full time Managing Director looking after the interest of the Corporation at Calcutta itself. At present there is a full time CMD posted in Calcutta.

[Department of Industrial Development, O.M. No. 20/16/78-Jute (V) dated 3-3-1979]

Recommendation (Serial Nos. 3, 5 and 6)

The Committee recommend that the Bureau of Public Enterprises should thoroughly examine this case and issue clear guidelines so as to ensure that the office of part-time Chairman is located only at places where their stay is warranted by the exigencies of work connected with the functioning of the particular undertakings.

The Committee are also shocked to find that the Bureau of Public Enterprises whose main job is to regulate the functioning of the Corporation and effect economy, had been a party to this fantastic and wasteful expenditure involved in the provision of a full-time car to the part-time Chairman.

The Committee also feel that the part-time Chairman should be entitled only to a reasonable honorarium or in lieu fees for attending the meetings.

(Paras 1.11, 1.13 and 1.14)

Reply of Government

These recommendations which relate to the issue of instructions for locating the headquarters of part-time Chairman of Public Enterprises and also review of the existing scale of remuneration for part-

time Chairman of Public Enterprises are under the consideration of the Bureau of Public Enterprises. The various aspects of the matter are being comprehensively examined with a view to finalising the Government's policy thereon and issuing the necessary instructions to the administrative Ministers and Public Enterprises.

[Department of Industrial Development, O.M. No. 20/16/78-Jute (V)
dated 3-3-1979]

Recommendation (Serial No. 4)

In regard to the provision of a car with a driver for the use of the part-time Chairman at Delhi, the Committee see no justification whatsoever for provision of this facility, particularly when the then Managing Director of the Corporation had informed the Ministry that for the activities of the Corporation at Delhi, there was no need for a car. At this distant time, the Committee can only express their distress over the matter and caution the Government to be more prudent in such matters in the future.

(Para' 1.12)

Reply of Government

The Government have noted the advice and the Bureau of Public Enterprises is being requested to bear this in mind while drawing up the standard terms regarding perquisites for publicmen appointed as part-time Chairman.

[Department of Industrial Development, O.M. No. 20/16/78-Jute (V)
dated 3-3-1979]

Recommendation (Serial No. 7)

The Committee regret to note that in the earlier years not even one representative of the jute growers or jute growers organisations had been included in the Board of Directors of the JCI. The Committee are not at all convinced with the argument advanced by the Ministry that the representatives from the State Governments who are usually officers incharge of agriculture and public co-operation departments in the States, can look after the interest of the growers. The Ministry's observation that growers' representatives have also functioned from time to time, is also not borne out by the information furnished to the Committee by the Corporation in November, 1977. The Ministry's statement that "moreover, the Chairman of the Corporation has always been selected from the States growing raw jute," is equally amusing as this is no justification for denying direct representation to jute growers on the Board of Directors of the Corporation. As against this position, the Board of Directors has been having representatives of the Indian

Jute Mills Association and even other organisations like Calcutta Jute Fabric Shippers Association who must have, for obvious reasons, been looking after nothing but their own interest, to the detriment of the poor jute growers. It is no wonder that such a composition of the Board of Directors of JCI had made Corporation absolutely a tool in the hands of the jute Industry to exploit the jute growers. The Committee, therefore, fully agree with the view expressed by the Bengal Chatkal Mazdoor Union that "if there are persons belonging to the monopoly houses on the Board of Directors obviously JCI cannot serve its purpose."

It is only in the latest composition of the Board, as furnished by the Ministry to the Committee in February, 1978 (when the examination of the subject by the Committee had reached the final stages) that the name of one Director, out of a total of twelve, has been shown to represent the growers.

The Committee require that the Board of Directors of the JCI should be so constituted at all time that the interests of the growers are fully safeguarded by including adequate number of representatives of jute growers/growers' organisations from the various jute growing areas on the Board. As regards representation to State Governments, the Committee feel that a system should be evolved whereunder State Governments of all the jute growing States get sufficient representation in proportion to the areas under cultivation of jute/mesta in the respective States.

So far as representation to the Jute Industry is concerned, the Committee see no justification for associating the Industry with the activities of the Jute Corporation of India at the level of the Board of Directors. The Committee accordingly fully endorse the opinion expressed before them by the Ex-Jute Commissioner that the Board of Directors of the JCI "must not have any representative of the Industry." For purposes of coordination the representatives of the trade and industry could however be associated through constitution of Consultative Committee which should meet atleast once in 3 months.

(Paras 2.7 to 2.10)

Reply of Government

The Board of Directors of the Jute Corporation of India has been reconstituted bearing in mind the above recommendations of the Committee. The new Board consists of three representatives of jute growers to be nominated by the State Governments of West Bengal, Andhra Pradesh, Assam, Bihar and Orissa by rotation.

The latest composition of the Board of the Jute Corporation of India is annexed (Appendix I)

[Department of Industrial Development, O.M. No. 20/16/78-Jute (V)
dated 31-1-1979]

Recommendation (Serial No. 8)

In view of the positive contradictory assertions made by the Managing Director of the Jute Corporation and by the Additional Secretary of the Ministry in regard to the amount of autonomy, actually enjoyed by the Corporation, in the functioning of the Corporation in its day to day working, the Committee recommend that the matter should be sorted out through free and frank discussions, supported by concrete cases of undue interference, between the Managing Director of the Corporation and some officers of an appropriate status in the Ministry, in order to pin-point the lacuna in the existing relationship between the Corporation and the Government so as to ensure that the day to day affairs of the Corporation are managed by its officers without any unauthorised interferences from the Ministry. If necessary, a representative of the Bureau of Public Enterprises may also be associated so that any differences of opinion between the two in drawing up a line of demarcation of authority are resolved on the spot.

(Para 3.3)

Reply of Government

At present there is no government interference in the day to day working of the Jute Corporation of India. The JCI to whom a reference was made has not pointed out any concrete cases of undue interference. The Managing Director who gave evidence before the Committee has left the service of the Corporation. The recommendation that there should be free and frank discussion for resolving any such problems is accepted.

[Department of Industrial Development, O.M. No. 20/16/78-Jute (V)
dated 31-1-1979]

Recommendation (Serial No. 9)

In regard to reasons for not formulating and promulgating any recruitment and service condition rules the Managing Director stated: "On 26th August, 1976, the service regulations were passed by the Board and then these were circulated among the staff to have their comments." About the reasons for delay, the Managing Director stated that these were sent to the Government for approval and then these were sent to the Bureau of Public Enterprises also and it took some time for the Government and the Bureau to approve the regulations.

The Committee regret inability to accept the contention of the Managing Director, Jute Corporation of India Ltd. and consider that matter of such a great importance should not have been dealt with in such a casual manner.

It is indeed very distressing that the Corporation has not formulated any service condition rules for its employees even after six years of its operation. It is common knowledge that in the absence of recruitment and service condition rules there is sufficient scope for malpractice in the appointments and promotions of staff. The Committee therefore, recommend that the formulation of these rules should be taken up immediately at the time of setting up a public undertaking so that there is no room for manipulation in this regard. The Committee further require that these rules should be finalised without any further delay by the Jute Corporation of India and put into effect forthwith.

(Paragraphs 4.2 & 4.3)

Reply of Government

The latest position regarding the above recommendations as furnished by Jute Corporation of India is as under:—

The Service Regulations and Conduct, Discipline & Appeal Rules were adopted by the Board on 21-8-76 and were also got approved by the Govt. As required under Section 9-A of I.D. Act, 1947, these were notified and the trade unions raised objections to various provisions therein. On a reference by the trade unions, the matter has taken up for conciliation by the Labour Commissioner, Government of West Bengal who was assured that the disputes would be settled bilaterally. Such discussions were held thereafter and the area of disputes has been minimised to a great extent. The remaining differences are expected to be settled very shortly so that the regulations can be implemented without any further delay.

The Recruitment & Promotion Rules have already been drafted and discussions are being held so that implementation of these rules can be effected early.

[Department of Industrial Development O.M. No. 20/16/78-Jute (V),
dated 31-1-1979]

Recommendation (Serial No. 10)

From the factual position furnished to the Committee in regard to filling up of posts reserved for S.C. and S.T., the Committee are

perturbed to note that as against 5 years of officers and 68 posts of other categories of staff reserved for S.T., the numbers actually in position, are only 2 and 11 respectively. As jute is grown in the interior parts of the country, the Committee feel that there should be no difficulty, if serious efforts are made, to find suitable persons from such areas to fill up the vacancies and make up the deficiencies. This should be done immediately to avoid complaints in this regard from any quarter.

(Paragraph 4.6)

Reply of Government

As on 5th December, 1978, the staff strength of the Jute Corporation of India was 959. Out of these, 68 belong to Group "A", 76 to Group "B", 680 to Group "C" and 135 to Group "D" categories of posts. Some posts in Group "A", "B" and "C" were filled by absorbing the employees who were initially taken on deputation from Central/State Government Departments. Excluding such posts, the number of direct recruits are:

Group	"A"	:	53
Group	"B"	:	67
Group	"C"	:	640
Group	"D"	:	135

The entitlement of SC and ST vis-a-vis number of such personnel in position as per Jute Corporation of India report is as under:—

Category	Total No. of direct recruits	Entitlement @ 16½ % for SC and 7½ % for ST		in position	
		SC	ST	SC	ST
Group A	53	9	4	1	—
Group B	67	11	5	3	—
Group C	640	108	48	118	5
Group D	135	22	10	34	3
		150	67	156	8

It will be noted that the quota of SC is oversubscribed in Group C&D posts. The shortfall in the intake of personnel belonging to ST is mainly due to the fact that suitable candidates having the minimum prescribed qualifications and experience have not been available. The Corporation is continuing its efforts to induct more

ST candidates, while filling up posts through direct recruitment so as to correct the existing imbalance.

Department of Industrial Development, O. M. No. 20/16/78-Jute
(V), dated 31st January, 1979.

Recommendation (Serial No. 11)

The Committee regret to note that although the Management of the Jute Corporation of India has been fully aware of the fact that the staff of the Corporation practically remains idle for as many as 8 months in a year, they have not so far devised any scheme in order to gainfully utilise the available manpower. The Committee take a serious view that the Management did not take any action on the concrete suggestions given by the Jute Corporation of India's staff association in regard to utilisation of the staff. The Committee deprecate this serious laxity on the part of the Management.

The Committee have already recommended in their earlier Report on the subject that the staff of the Corporation should be utilised for training the farmers in the determination of grades of their produce and also in 'retting' to be able to produce better quality of jute.

The Committee entirely agree that the staff can also be utilised in several other fruitful activities like distribution of credits and inputs etc. For this purpose, the staff may themselves first be trained in the art of retting etc., and such trained personnel can easily educate the farmers.

The Committee trust that a comprehensive scheme in regard to the proper utilisation of staff during lean periods shall be formulated and implemented by the Management without any further delay.

(Paragraphs 5.7 to 5.10)

Reply of Government

The Board of Jute Corporation of India has taken a decision that a scheme should be worked out for training of jute growers in grading with the assistance of the field staff of the Jute Corporation of India during the off season. The proposal to supply pre-harvest credit to the growers by the Jute Corporation of India in five villages on a pilot basis is under discussion with the State Government and other concerned agencies.

Department of Industrial Development, O.M. No. 20/16/78-Jute
(V), dated 31st January, 1979.

CHAPTER III

RECOMMENDATION/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENTS REPLIES

Recommendation (Serial No. 12)

The Committee feel that since the Jute Corporation of India has no jute business in a costly area like Shakespeare Sarani where the rents are too high the Corporation should try and get accommodation in the area of some Government acquired Jute mill in Calcutta. The building at present occupied by them may be sublet by the Corporation, for which, the Committee have been informed, there is a provision in the agreement with the owner of the present building.

(Paragraph 6.3)

Reply of Government

The Corporation has 15 Regional Offices and about 130 purchase points spread over Andhra Pradesh, Orissa, Tripura, U.P. and West Bengal. The Head Office has to be constantly in touch with the above. It has also to be in constant touch with the terminal market and the jute mills in Calcutta, in addition to such other offices as railways, banks etc. Convenience of communication is therefore, of great importance for efficient operations. It is, therefore, imperative that the Head Office of the Corporation is located in the city of Calcutta.

The question of shifting the Head Office to the Government taken over mill premises was examined. Out of the five Government taken-over mills in West Bengal, 4 are situated at distances ranging from 25 to 40 kms. from the city. The location of the Head Office of the Corporation in any of these mill premises would not be conducive to efficient working of the Corporation. Only one mill taken-over by the Government viz., the Union Jute Company, is located within the city. However, they have expressed their inability to spare any space for Jute Corporation of India.

Department of Industrial Development, O. M. No. 20/16/78-Jute
(V), dated 31st January, 1979.

APPENDIX

Vide Recommendation at Serial No. 7

No. 5/2/78-Jute

Government of India

Ministry of Industry

Department of Industrial Development

New Delhi, the 16th January, 1979.

ORDER

In accordance with Articles 88 (1) and 88 (2) of the Articles of Association of the Jute Corporation of India Limited, the President is pleased to reconstitute the Board of Directors of the Corporation, as under with immediate effect, and until further orders:

1. Chairman-*cum* Managing Director, Jute Corporation of India, Limited.
2. Director, Finance, Jute Corporation of India Limited.
3. Director, Marketing, Jute Corporation of India Limited.
4. Jute Commissioner.
5. Joint Secretary (Jute), Ministry of Industry.
6. Economic Adviser to the Government of India, Ministry of Industry.
7. Director (Finance), Ministry of Industry.
8. Joint Commissioner (Cotton), Ministry of Agriculture.
9. Managing Director, National Cooperatives Development Corporation.
10. One representative to be nominated by the Government of West Bengal.
11. Three representatives of the growers to be nominated by the State Governments of West Bengal, Andhra Pradesh, Assam, Bihar and Orissa, by rotation.

Sd/-

S. DAVE,

**Under Secretary to the Government
of India.**

To

1. The Chairman-cum-Managing Director, Jute Corporation of India, Calcutta.
2. The Registrar of Companies, Bharat Scouts & Guides Building, Indraprastha Estate, New Delhi.
3. Jute Commissioner, Office of the Jute Commissioner, Calcutta.
4. Ministry of Finance (Bureau of Public Enterprises). New Delhi.
5. Economic Adviser to the Government of India, Ministry of Industry, New Delhi.
6. Director (Finance), Ministry of Industry, New Delhi.
7. Joint Commissioner (Cotton), Ministry of Agriculture, New Delhi.
8. Managing Director, National Cooperatives Development Corporation, New Delhi.
9. Chief Secretary, Government of West Bengal/Andhra Pradesh/Assam/Bihar/Orissa/Calcutta/Hyderabad/Dispur/Patna/Bhubaneshwar.
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NEW DELHI;
April 25, 1979.
Vaisakha 5, 1901 (Saka).

JYOTIRMOY BOSU,
Chairman,
Committee on Public
Undertakings.