

12 05 hrs.

**CALLING ATTENTION TO MATTER  
OF URGENT PUBLIC IMPORTANCE**

**REPORTED CLOSURE OF JUTE MILLS AND  
FALL IN PRICE OF RAW JUTE**

SHRI H N MUKERJEE (Calcutta-North-East) I call the attention of the Minister of Commerce to the following matter of urgent public importance and request that he may make a statement thereon

"Serious situation in jute industry on account of reported closures and fall in price of raw jute affecting production, export and employment problem of jute workers"

**THE MINISTER OF COMMERCE  
(PROF D P CHATTOPADHYAYA)**

Mr Speaker, Sir, I had an occasion to make a statement on the 18th May 1976, in this House in which I explained the situation about the jute industry in brief

The jute industry occupies a very important position in the industrial profile and export spectrum of the country. It is perhaps the only most important industry which for its health depends on its export market and other external factors. For the last two years or so our foreign jute market has shrunk to a disturbing extent due to world-wide recession. Besides recession, avoidable and unfortunate competition from another jute exporting country has also added to the difficulty of the industry. The lack of investment for modernisation, research and development, and outdated family-based management system are some of the well-known causes of the present situation of the industry. While in the larger interests of the grower, the worker, industry and foreign trade the Government are engaged in rectifying the situation to the best of their ability, the industry cannot disown its responsibility and has to review its

whole policy structure in order to make itself more efficient and its products more competitive.

That the Government have been alive to the seriousness of the situation would be evident from the series of steps taken by them in the last two years or so. Several measures have been taken to stimulate export demand for jute goods. Export duty on all items of jute manufactures has been abolished. A cess for research and development has been introduced. A Development Council has been set up. The Government have also directly financed certain research and development projects primarily for reduction of the cost of production and development of new products and uses. The Government have been continuing the system of interest subsidy on loans granted by the Industrial Finance Corporation for modernisation of the jute mills. Certain other measures have also been taken by the Government to make our export production of jute goods more remunerative and more competitive.

In this connection I would refer to the regulation in the production of hessian and carpet backing which was introduced by the Jute Commissioner for the months of June and July 1976. A serious shortage in the supply of raw jute, especially that in the superior grades, was apprehended as we were approaching the end of the jute season. Under such a situation, the Jute Commissioner introduced production regulation in respect of carpet backing and hessian to the extent of 25 per cent for two months, namely June and July. It was further stipulated that sacking would be produced only on sacking looms. The alternative to this production regulation was to allow the mills to close down in a haphazard manner which would have inflicted more loss of employment to all categories of workers in the affected mills. The timing of the production regulation was, however, chosen in such a manner as to

ensure minimum hardship to the labour force. According to the Government estimate, absenteeism in the jute industry in the period from May to August was as high as 35 per cent to 40 per cent. It was estimated that the regulation in production enforced by the Jute Commissioner would amount to a 22 per cent regulation for the industry as a whole and that, therefore, in the context of 35 per cent to 40 per cent absenteeism, it would not affect the permanent and the semi-permanent workers of the industry. It was also estimated that since jute was no longer with the farmers at this time of the year, the interests of the growers would not be adversely affected as a result of such production regulation. However, with the introduction of the Energy Control Order by the Government of West Bengal with effect from 14th July, 1976, the production regulation order contemplating regulation for carpet backing and hessian was withdrawn by the Jute Commissioner with effect from the same date.

A statement showing the details of the jute mills in the country, which have been hit by work stoppage is laid on the Table of the House. The Government have been seriously concerned over the work stoppage in these mills and consequent loss of employment to a large number of workers.

As I had previously explained on the floor of this House, the causes of

work stoppage in the mills are diverse and complex. Khardah Jute Mill and Kanpur Jute Udyog have stopped functioning since 1975. Of the remaining 11 jute mills 7 jute mills are reported to have stopped working due mainly to industrial disputes. One has stopped functioning due to damage from fire and the remaining 3 have stopped functioning due mainly to financial difficulties.

I have the honour to inform the House that the management of the National Company which is the biggest jute mill in the country and which had been in a very unsatisfactory condition has been taken over by the Central Government under the Industries (Development and Regulation) Act, 1951. The new management is expected to streamline the functioning of the jute mill and improve its financial condition.

We, therefore, are fully alive to the problems of the jute industry and have been taking appropriate measures from time to time. However, quite a number of jute mills have unfortunately been affected by industrial disputes. Work stoppage due solely to industrial disputes has to be looked into by the appropriate conciliatory authority. We are in close touch with the West Bengal Government for finding out a solution to the problems arising out of work stoppage in such a large number of jute mills.

183 Closure of jute mills AUGUST 12, 1976 and fall in price of 184  
 vis-à-vis jute (C.A.)

STATEMENT SHOWING THE DETAILS OF JUTE MILLS WHICH HAVE STOPPED WORKING AS ON  
 5TH AUGUST, 1976.

S.No.	Name of the mill	Period of work stoppage and reported reasons therefor	Number of workers
1.	Khardah	From 8-5-1975 Financial and Industrial disputes.	5,000
2.	Kanpur Jute Udyog	From 6-10-1975 Financial crises	3,000
3.	Meghna North Meghna South	From 8-3-1976 From 9-2-1976 Industrial disputes.	6,900
4.	Union Jute Mills	From 14-3-1976 Financial and Industrial disputes.	2,250
5.	Bharat	From 9-4-1976 Financial trouble.	1,500
6.	Premchand	From 8-4-1976 Damaged from fire.	3,400
7.	Naihati Jute Mills	From 16-7-1976 Industrial disputes.	3,200
8.	Budge Budge	From 20-6-1976 Industrial disputes.	3,000
9.	Rai Bahadur Hurdutrai Motijal	From 3-7-1976 Financial crises.	3,500
10.	Barnagore.	From 19-7-1976 Industrial disputes.	4,800
11.	Waverly	From 26-7-1976 Industrial disputes.	2,250
12.	Shri Gourishankar	From 31-7-1976 Industrial disputes.	2,000
13.	Alexandara.	From 2-8-1976 Industrial disputes.	2,400

SHRI H. N. MUKERJEE: I fear I cannot congratulate the Minister for having dealt with this diverse and complex problem in the manner in which he has done it during the last two years about which he has given us a summary of his activities. I say so because I find in this an example of a peculiar contradiction between Government's brave declarations about controlling big money and at the same time trucking down to big money interests in this most important foreign exchange earning industry along with a failure to look after the interests both of the jute growers in the countryside and of the workers in the jute mills.

Sir, I have to point out how, for some considerable time now, a crisis cleverly engineered by the notorious jute barons to feather their own nests has been embarrassing the Minister. Somewhat comparably with the Indian Cotton Mills Federation in Bombay to whom Government have trucked

down in the matter of controlled cloth in a most egregious fashion; somewhat comparable to that, the I.J.M.A. in West Bengal gets away with their loot while Government flounders and the steps which the Minister tells us he is trying to take make it worse.

Sir, some nine monopoly houses control this industry and by crowing over the so-called crisis of their own creation, they have got out of Government a gift of Rs. 30 crores or more by way of concessions in this period to which my hon. friend, the Minister has made a reference—more concessions in the last two years actually than in the last seventy-five years of the history of the jute industry in this country.

Now, the millowners have defaulted in depositing the workers' dues in regard to the provident fund to the extent of Rs. 3-5 crores. They have defaulted in regard to payment of dues to the Jute Corporation of India,

a government institution, to the extent, according to reports, of Rs. 21 crores, and tens of thousands of workers are hurt in the bargain while the jute growers in the countryside who have produced a very wonderful harvest are in a quandary because they do not know which way to turn since the prices are unremunerative on account of the conspiracy conducted by the big money interests in the jute industry.

There seems to be one silver lining and that is the takeover of the Goenka's own National Jute Mills supposed to be the biggest in Asia. But, I would like to ask in regard to the takeover why it is that, according to the report, there is now a twelve-Member Management Board which includes the former culprits in the Goenka set-up who are now going to look after this business. These three or four—my friends know more about this business because they deal with this subject would supplement it—out of 12 are the people who belonged to the Goenka set-up, the culprits, who should have been shoo'd off altogether, I would like the Minister to explain this business. The former General Manager and the Cost Accountant appear to be still there though they were the top Goenka's functionaries. I would also like to ask the Minister to explain another matter. When we are in an emergency and Parliament is functioning in a certain manner, surely, it does not mean that accountability of Government to Parliament has ceased to exist. But, I find, for example, allegations in the Press that, may be, some of the top officials of the Jute Corporation of India are in collusion with the jute barons. But, that apart, I would like to know, for instance, how is it that a recent appointment has been made to the Jute Corporation of India and a certain gentleman, whom I shall not name, is now the Chairman who was a Minister of State in the West Bengal Government against whom al-

legations of corruption were brought were looked into by the Wanchoo Commission? As a result of that, he lost his job—not more than a year ago—but now he is back in glory as the Chairman of the Jute Corporation. He may be an estimable customer—I do not know that—and, after all, Government owes some explanation. I find also in to-day's paper that in West Bengal, the Minister of Labour gave an assurance that in regard to these 13 jute mills, which the Minister has catalogued here as having been closed and about them the State Government has given an assurance that there would be a decision about their reopening in two weeks' time. 46,000 people are out of employment in these 13 jute mills or, perhaps, even more. But, the Minister has given an assurance in West Bengal that in two weeks' time, a decision about the reopening would be made. I would like my friend the Minister, to give some satisfaction about it. I would also like him to tell us how it is that he is going to confront the challenge of the jute barons in the manner of the coalmine owners on the eve of nationalisation who did certain things which amounted to blackmailing the Government and, in that context, does Government contemplate nationalisation, on a scale which would be practicable as well as principled? At the same time, why should not Government go ahead now with it? At least Government is thinking of taking over or it has already taken over the Goenka owned Mills. Why should they not do that? The last question that I would like to ask him is this. The Minister been a peripatetic philosopher travelling all over the world and I would like to know if, in his conversations with the E.E.C. he has found anything in the nature of a most favoured nation clause which we do not hope to get from that quarter—anything in the nature of an assurance that the market in that part of the world would be, to some extent, secured? I would also like him to tell us as to whether, during his visit to the developing countries and after

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the confabulations with the developing countries, he has found some indication of a demand for our kind of jute products to be supplied from this country to those developing countries. These are my specific questions

AN HON. MEMBER: I think he has left nothing for others.

MR. SPEAKER. I hope he will reply them.

PROF. D. P. CHATTOPADHYAYA: Sir, about jute industry, you must have kindly noted that there are two broad—almost contradictory—views—one is that Government has been doing nothing and allowing the jute industry to drift and go down the drain and now, in an almost near bankrupt situation resulting in the reduction of production to the extent of nearly 25 per cent, if not, 30 per cent and the Government is a mute spectator to the decaying and declining of this industry.

The other view that you have just now heard is that enough has been given—a lot of concessions have been granted to the industry and the industry has almost pampered to be inefficient. Sir, we have neither any bias against this industry nor bias towards or prejudice against it. But, there are certain hard facts which cannot be gloated over by any amount of emotive phrases. One point is that if you look at the profit of this industry from 1971-72, 1972-73 and down to 1973-74, you will find that the retained profit in terms of lacs in 1970-71 was Rs. 94; it went up and the industry was in good shape. In the wake of Bangladesh crisis from Rs 5.56 crores, it came down in 1972-73 to minus Rs. 17 lacs; thereafter, in 1973-74, it is minus Rs. 6.41 crores. The profit has been steadily going down. Dividend also has been steadily going down; the dividend which was Rs. 1.23 crores in 1970-71, is now only Rs. 63 lakhs in the year 1973-74. Later on, it has gone down further.

Sir, I mention these facts not to hide or suppress the facts from this august House which I have myself mentioned in the second paragraph of my statement, namely, the out-dated family based management, the total reluctance to invest for modernisation and diversification, etc. But at the same time an industry which depends to the extent of 55 per cent on the foreign market—if those markets lose and have lost very heavily during the last two-three years—what can the Government or the industry could do even if it has been efficient.

As regards hessian in June 1975 the sales contract was for 28,648 tonnes whereas in June 1976 it has come down to 10,172 tonnes. As far as sacking is concerned in May 1974 the sales contract was for 15,035 tonnes whereas in May 1976 it has come down to 3,754 tonnes. In regard to carpet-backing in April 1974 the sales contract was for 26,000 tonnes whereas in April 1975 it came down to 17,000 tonnes. In April 1976 it has come down to 9,000 tonnes. The total sales contract in April 1974 was for 59,000 tonnes; in June 1975 it came down to 45,000 tonnes whereas in June 1976 it is only for 27,000 tonnes.

Further, Sir, there is a serious competition—rather unfortunate avoidable competition—from our neighbouring country. Because of devaluation and heavy under-cutting they are at an advantage. Therefore, the only mainstay of this industry has been the production of sacking for the domestic market. Fortunately, there was a big bumper crop. Therefore, the off-take of sacking has gone up but even that demand is not very much more than 40,000 tonnes per month whereas the production has gone up to 60,000 tonnes per month. As such, the prices have crashed below the cost price as calculated by the Tariff Commission. These are some serious facts. While we are critical of the industry the genuine difficulties have to be appreciated and

cannot be forgotten over in a superficial manner.

The hon. Member has raised some specific questions about the management of the nationalised company taken over by the Government. I have seen a report in one newspaper today morning that one man—I do not know whether three or four men have been taken—has been taken in the new management from the old management. I will get it checked up. But simply because somebody was in the old management does not disqualify him to be on the new management. It is on merit that we appoint but if on scrutiny it is found that he is unworthy or his records are bad then certainly we will have a second look. The hon. Member also mentioned about the admission of new Chairman who resigned from the West Bengal Assembly last year. Sir, this gentleman did not resign on any corruption charge but some doubt was expressed. In political life it happens to many people. Doubt does not mean condemnation. One has to take the trouble of looking into the record. A person should not be maligned simply because at some time he resigned without any technical fault. Government has looked into the matter very carefully and Government is convinced of the fact that there is nothing on record to show that this gentleman is unqualified or unworthy of this position.

AN HON. MEMBER: Then why did he resign?

PROF. D. P. CHATTOPADHYAYA: That I said. Because the Commission said that one should be 'beyond doubt'. He not only resigned from the Ministership but also from MLA-ship.

That shows that he has moral courage and has maintained high political norms of public life. There is nothing on record to show that simply because of this, he should not be taken. I do

not subscribe to that view. He has to his record very good service to the co-operative movement and in this area of work.

As regards reopening of mills, the other point to which he referred, I personally took interest. I took some meetings of the jute industry and trade union leaders, and as a result in the month of May, four mills reopened. As I said, there are some immediate pressing causes like industrial disputes etc. There are some not so immediate, but more compelling remote causes. As I have mentioned, these industrial disputes are there. I have requested my friend, Dr. Gopaldas Nag of the West Bengal Government and also Shri Raghunatha Reddy to look into the matter. I am in touch with them. We have succeeded in reopening certain other units but because of the sluggish demand, I do not know whether it will be immediately possible to reopen all others. But it will take time. We are at the job. We share the anxiety of the hon member, and everything possible for us we will be doing.

The question of nationalisation of jute mills is not what we are thinking of, because it is a very big idea. Let us see what we can do about the management of the largest jute mill, which is the size of 4 or 5 ordinary jute mills. So we do not have expertise, neither have we the desire now to nationalise jute mills.

So far as my discussions with EEC, Australia and other countries are concerned, I can say they have the same problem because they want to protect their synthetic fibre industry, the alternative packaging material they have in their country. Even then, so far as EEC are concerned, they are lowering their tariff and in two more year's time, they will bring down the tariff on jute to the zero level. That way EEC's response was favourable.

I raised this question with Australia, because they also reduced their offtake from Bangladesh; their response was favourable, but their private traders and industrialists find synthetic packa-

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ging material more cheap and attractive. Even then, they are having a second look at the matter.

MR. SPEAKER: Dr. Ranen Sen. If you kindly co-operate by taking a couple of minutes each, we can conclude this without taking much time.

DR. RANEN SEN (Barasat): I do not think it can be finished within a couple of minutes. There are other names also.

MR. SPEAKER: That is why I have made this suggestion.

DR. RANEN SEN: Do not forget that this involves a number of people, more than 4 crores of people living in the eastern part of India.

MR. SPEAKER: Condense your remarks. The time element is there.

DR. RANEN SEN: I will try to be brief. On one very important point, I want some clarification. This is the point which has not been touched upon by Shri H. N. Mukherjee. This is in regard to the jute growers, whose total number would be nearly 4 crores living, as I said, in the eastern part of India. This year's production estimate is between 75 and 80 lakh bales. Over and above that, we generally import 2-3 lakh bales good quality for grading and other things. We also export some and use some for making ropes.

With the cut in production of jute by the industry, the whole thing will be reduced to a demand of 55 lakh bales only. We will be producing 75-80 lakh bales. There will be a surplus of nearly 20-25 lakh bales. On top of, there is last year's stock of nearly 8 lakh bales. Therefore, there will be a surplus of 24 plus 8, equal to, according to a rough calculation, 32 lakh bales.

What would be the result on the jute grower? It is known to everybody

how the jute growers have for generations been cheated by the traders, middlemen and jute millowners. 35 or 40 years back, the ratio between rice and jute was three maunds of rice to one maund of raw jute. Now it is the reverse almost. Therefore, the jute growers are suffering due to the manipulations and machinations of the jute millowners and middlemen. The Commerce Ministry of the government have fixed the price at Rs. 135 a quintal; let the grower get at least that much. Within one month the prices will fall down; that is why the jute millowners are not prepared to purchase jute and the Jute Corporation of India are purchasing jute to the tune of eight lakh of bales of raw jute. That was a statement made in the open meeting. The purchase of only eight lakh bales of jute would never help to stabilise jute prices; the jute price will gradually fall. So this year the jute growers are going to suffer and by next year they will be completely ruined and they may not grow jute. That is a different thing. As I said this will affect more than five crores of people. Therefore, the JCI should have gone into the market and set up organisations so that the price can be stabilised at least at the rate of Rs. 135.

MR. SPEAKER: You have made this point even early.

DR. RANEN SEN: The West Bengal government had unanimously decided that jute prices should not be less than Rs. 180 per quintal; in an earlier discussion in this House Members who participated from the eastern region including Shri Bibhuti Mishra demanded Rs. 200 per quintal and that is really an economic price for the jute grower. In the calculations that are made, the work or contribution of labour cost made by the family members is never included by the Government of India or the Agricultural Price Commission. I know the hon. Minister will say that this is the price decided upon by the Agricultural Price Commission.

**MR. SPEAKER:** Please conclude now; you have already taken seven minutes and at this rate we will never end.

**DR. RANEN SEN:** I now come to the question of modernisation. Within twentyfive years, five years had been a boom to the jute mill-owners but they have not ploughed back that money into the industry and the government was silent on this. Now it is coming forward with all kinds of concessions to jute mill owners; export duty has completely gone and subsidy is being given. They never considered the cause of jute grower or worker or the common people who are dependent upon jute trade or industry. In view of this the JCI should purchase much more to stabilise the price at a level which the government had decided. Secondly, the government should compel all mills to start purchasing jute from now on. I also want to know whether the mills that have been closed will be reopened by the employers very quickly or the government will take over eleven or 12 mills so that the thousands of workers who are now unemployed could get their jobs back. These are the three questions which I want to ask him.

**PROF. D. P. CHATTOPADHYAYA:** Sir, I have already tried to respond to the question regarding the problem of jute growers. If there is reduced off-take by the jute manufacturers, naturally the demand for raw jute goes down. This is a simple thing. I am not at all happy about it, I am distressed about it, but this state of affairs has to be taken note of.

I know some persons, parties and also State Governments have asked for a higher procurement price for jute. Government have looked into the problem. As the hon. Member himself knows, because he is very well-informed in this matter on

account of his trade union background, at the price of Rs. 135 the off-take is not sufficient. Even if it is fixed notionally, for the sake of record, at a very high level of Rs. 160, the market will not bear it and the benefit will not accrue to the grower. So, let us be realistic. While we want to solve the problem, let us consider what are the possible and realistic solutions. An ideal solution we can think of, but it would not be practicable or acceptable.

I have seen the JCI report that they will purchase only 8 lakh bales. But I do not share this view of the JCI. I have instructed the JCI that this should not be the policy of the JCI, because this time, not so much because of carry-over stock, which I will not say is big—rather, it is less than the normal carry-over stock of the previous years—but because of the fact which I think the hon. Member omitted or forgotten to mention, namely, last year the jute growers got a good price, at least better than what they had been getting for many years, therefore, this year they have gone in a big way for jute production. Now it is our responsibility to see that the Government off-take or purchase policy is formulated in a manner resulting in higher and larger purchase by the JCI and the cooperatives. Therefore, I am glad to say that this year Government have allocated a higher sum of money—speaking subject to correction, I may say that it is nearly Rs. 41 crores—for jute purchases. What is more important, Government have made it absolutely clear that money will be no constraint for carrying over procurement at the support price of Rs. 135. It is not so much the higher price but the actual price made available to the primary grower that is important. That is why the number of co-operatives and the number of departmental purchasing centres have been activated. Mills have also been asked to purchase. The Indian Jute MGAs Association



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have also agreed provisionally, subject to availability of credit etc. that they will also supplement the Government's purchases.

Another point which was made by either Shri Mukerjee or Dr. Sen was that some of the mills do not give their money for the jute they purchase from the JCI. Because of this unfortunate development, this year instructions have been issued to the JCI not to sell jute to those mills which have defaulted in payment.

As has been very rightly pointed out by Dr. Sen, the main answer is buffer stocks of raw jute and, if possible, buffer stock of some jute manufactures like sacking.

Government are at it and if funds are available, as I am assured by the Finance Ministry, we will try to do the needful to the best possible extent and to the extent the infrastructure permits us.

**SHRI INDRAJIT GUPTA (Alipore):** On 21st May, addressing the Annual General Meeting of the Indian Jute Mills Association in Calcutta, the hon. Minister said:

"There had been numerous instances when the jute industry did not hesitate to reap temporary gains by taking advantage of a bumper crop, and it was this failure to pay remunerative prices to the jute growers that started the switch of land from jute to other competing crops. Today, the industry is suffering to a great extent for its past mistakes. It has to be appreciated that unless the growers are rewarded adequately for their jute production, it is the industry which is going to suffer in the long run."

Very good sentiments he expressed.

**PROF. D. P. CHATTOPADHYAYA:** They are reiterated today in the statement also.

**SHRI INDRAJIT GUPTA:** Very good, and also that we have to be realistic and all that.

May I know whether it is a fact or not that the Agricultural Prices Commission recommended a minimum support price of Rs. 140, that the West Bengal Government recommended a minimum support price of Rs. 180 in terms of the cost of production now and that ultimately the price has been fixed by Government at Rs. 135? By implication he means that the Agricultural Prices Commission and the West Bengal Government are unrealistic people, that they do not know what they are talking about. Anyway, at that price of Rs. 135 we are told that the Jute Corporation of India will be supplied with adequate funds to buy the maximum amount of raw jute that it possibly can. So long as the purchasing capacity of the Jute Corporation of India is limited whether by restraint of funds or storage space or inadequate number of purchasing centres in the primary markets, whatever be the reason, and they can buy only 8 or 10 lakh bales out of 75 lakh bales, what is the market strategy of the Jute Corporation? Is it simply to buy this limited quantity of jute and hand it over to the jute mills? Is that the only job of the Jute Corporation? Then, what impact is it going to have on the market operations as far as the minimum support price is concerned? Why not allow this Jute Corporation to build a buffer stock, compelling the mills to go and buy so that a sort of artificial shortage is created and prices do not crash? What is the strategy, I want to know.

Secondly, I want to know whether this National Jute Mill, whose management has been taken over, is proposed to be nationalised or not in the future, or whether, after it has been nursed back to health by the injection of public funds, there is any idea of handing it back to the Goenkas. I

am very glad that this management has been taken over for the first time in the history of this industry, and it is the largest mill in this country, or in Asia for that matter, employing 15,000 workers, with a modernised mill. All the trade unions in the jute industry had always been telling the Government to take over at least two or three units and run them with the co-operation of the workers and see really whether what the mill-owners say is true or not, namely that the industry cannot be run except at a loss. They said they would prove that it was not so.

Thirdly, may I know whether it is a fact or not that the Labour Minister of West Bengal, Mr. Gopal Das Nag, had recommended the idea of setting up a National Jute Corporation on the lines of the National Textile Corporation, to take over and run some 13 or 15 mills which are obviously totally mismanaged, and which are going to close down in future if left in the hands of the Bajorias, Kanorias and Jalans, and whether this recommendation has been given due consideration by the Centre? He has suggested that if 51 per cent of the equity in the proposed corporation is subscribed by the Centre, the State Government would be willing to take up 49 per cent, and they could run this Corporation. I want to know whether there is any thinking on those lines at all

One more point, which is very important. Since he keeps on telling us that the jute industry is so much dependent on export market—which is a fact, I agree—and the demand has gone down very heavily and the future prospects are bleak, may I know why there is a Central Government proposal to expand the capacity of this industry? For what reasons if he consults a publication called 'Guidelines for industries for 1976-77' published by the Union Ministry of Industry and Civil Supplies, he will find therein that it is planned to in-

crease the capacity of the jute industry from the present level of 1.3 million tonnes to 1.7 million tonnes by the end of the Fifth Plan, and it says:

"The total of both domestic and export demand is estimated to go up to 397,000 tonnes of hessian, 814,000 tonnes of sacking, 223,000 tonnes of carpet backing and 180,000 tonnes of miscellaneous jute products."

How are these projections made by a responsible Ministry of Government? There must be some basis. Therefore, I say that this story about export markets having completely gone into a state of recession or something and our future prospects being bleak should be taken with a pinch of salt—or, in fact, with a substantial quantity of salt..

PROF. D. P. CHATTOPADHYAYA:  
I have never said that.

SHRI INDRAJIT GUPTA: You have never said that the prospects are good also. You have only said this to the extent the millowners are shouting about bleak prospects, you are prepared to go on making any number of concessions to them by way of export duties being abolished, excise duties and other taxes being abolished, subsidies being given and loans being given. They want everything, but the prices of manufactured jute goods do not go down. If you give me time, I could quote the quoted prices of 40x10 inch hessian and B-Twills sacking and so on, and you would find that the prices do not go down at all....

PROF. D. P. CHATTOPADHYAYA:  
They have gone down.

SHRI INDRAJIT GUPTA: They have not gone down.

My question was this. Will he explain how on the one hand they are talking of steep fall in exports and foreign demand and on the other hand they are planning to substantially in-

[Shri Indrajit Gupta]

crease the capacity of this industry during the Fifth Plan period? Is he aware of the report of UNCTAD which has said that the real reason for substituting jute by synthetics is not high prices but the uncertainty of supply and wild rice fluctuations. This is something we have been saying for twenty years that it is fluctuations in supply and prices which scare away the foreign consumers, and this is due to the high speculative activity in this industry. What are they are doing to control that? Nothing.

Finally, I will say a word about these cases of mill-closures which he has mainly ascribed to industrial disputes. I would remind him that, on the 22nd of last month—he was not present, unfortunately, but his junior colleague was present—in a meeting of the Apex Committee for the jute industry, over which I presided on that day, the Chairman of IJMA, Shri Gauri Lal Mehta, assured the meeting that the jute mill-owners would not resort to any unilateral action of any kind without consulting the unions and the Government. The meeting was on 22nd July. They went back from here, and you will find from the statement that immediately after going back, on the 26th July, on the 31st July again and on the 2nd August, they closed down three more mills. Waverly, Shri Gourishankar and Alexandra. This was done absolutely unilaterally, in gross violation of the assurance given here, and he just writes here that these were due to industrial disputes. They unilaterally try to increase the workload in the mills and when workers protest, the mills are closed down! This is a crisis which is being created. Therefore, I would like to know from him whether they have got any long-term plan or just from hand to mouth, every day, they are going to make concessions to the mill-owners in the hope that they will do

something wonderful? Have you any long term plan for saving this industry?

MR. SPEAKER: In order that we may finish this item before lunch, may I suggest that the other two Members also ask their questions so that the Minister can reply to them together?

SHRI S. M. BANERJEE (Kanpur): No, Sir. He will forget the questions.

MR. SPEAKER: He will deal with it.

SHRI S. M. BANERJEE: We will not take more than two minutes, Sir. Let him reply lest he should forget our questions.

PROF. D. P. CHATTOPADHYAYA: To take the last point made by the hon. Member first, I think the industry has not behaved in a responsible manner in closing some of the last few units just referred to by Shri Gupta and I have drawn the attention of the Labour Minister, the junior one who was in Calcutta at that moment, Shri Bhattacharyya, that I was not happy about it and I have also told him. But the point is that the industrial disputes, work stoppage or by whatever name you may call it, the closure of the mill and the resulting unemployment of the workers has to be looked into by the State Governments. We are very much worried about it. I personally went there. I met the Trade Union leaders more than once in this matter and I have said it before and I am saying it again, that the industry has not behaved in the matter of labour relations in a very responsible manner.

Shri Indrajit Gupta also—I am moving in the reverse order—rightly pointed out how we can reconcile the two positions, namely, the proposed expansion of the capacity of the industry and the shrinking demand abroad. These are really complex things, but I would say that because of the heavy concentration of industry in and around Calcutta, the jute-growers of

distant States like Assam, Tripura, Bihar and Orissa have not been getting a fair price for a long time. Even the West Bengal jute-growers are not getting good prices. Still worse is the condition of the jute-growers of those States and those State Governments have been pressing for a pretty long time for certain units to be located in those States. At that time we agreed to give one or two units and I remember—Meghalaya—1, 2 to Assam and Bihar and 1 to Orissa. Even those notionally-agreed to units to be opened there have not been actually allowed to be opened because of the recessionary trends.

This brings to me to the point—I was just perhaps going to interrupt him—namely whether the future of our jute is very bleak. I do not share this pessimism because things have started improving. I say very cautiously, have started improving—but the improvement is not marked—because even in terms of prices some of the jute manufacturers, I take it, are becoming almost competitive with the synthetic substitutes and once the construction industry picks up in USA and EEC countries, things will improve. Therefore, the phenomenon, I would not say, is bleak but is more or less temporary that we have witnessed in the last two years and the hump, I think, could be crossed in one or two years' time and perhaps the projected expansion agreed to may be given effect to at that time but we have to be a little cautious.

Now, coming to the formation of national Jute Corporation, I think I have read it in the newspaper. I have written to the Government of West Bengal asking them for the project itself. So, when this project in writing is made available, certainly I will look into it, and with sympathy I will look into it. It has not formally been formulated and forwarded to us but, if and when it is, I shall be very glad to look into it because I think it is a positive suggestion.

#### Price of raw jute (CA)

The second point is—perhaps it is the third point. Mr. Speaker, Sir, you are very vigilant.

MR. SPEAKER: I also get sometimes confused.

PROF. D. P. CHATTOPADHYAYA: The hon. Member asked whether the National Company should be given back to the Goenkas. My answer is: No. ...

SHRI S. M. BANERJEE: Good.

PROF. D. P. CHATTOPADHYAYA: The first question, but the last in the order of my answering the questions, is about the market strategy. I think the market strategy he indicated very briefly—perhaps I could follow it—is a very sound one. The approach we are following is somewhat like this, namely the defaulting mills will not get jute from the Jute Corporation of India. The quantity purchased will be held by the Jute Corporation. I have already said this in answer to a previous question that we are for building up a buffer not only of raw jute but some of the jute manufactured items as well.

SHRI S. M. BANERJEE: In Obedience to your direction I will be brief. I will not take more than 3 minutes.

May I invite the attention of the hon. Minister to the closure of one jute mill, called, Kanpur Jute Udyog? It was closed on 5th October, 1975 and the reason for the closure is financial crisis. According to the Commerce Minister and the Industry Minister this is a captive unit of Sawai Madhopur cement factory owned by Alok Udyog. We were told by the national apex body that a compact committee would go into this matter and the compact committee has recommended that if the present employer is unable to run this mill this should be taken over by the cement corpora-

[Shri S. M. Banerjee]

tion of India. We have been told that they will get financial assistance from the various financial institutions, State Bank of India and other institutions. If this is a captive unit of Sawai Madhopur cement factory why should it not start functioning when Sawai Madhopur unit has already started? I can assure you that this Mill cannot be export oriented. They are producing mainly gunny bags which are meant for cement factories. This particular mill was ruined first by Baglas and this is now being ruined by Jains. This has become something like Somnath Temple for any Mohd. Gazni to loot it. I want a clear answer from the hon. Minister. He had the courage to take over two textile mills in Kanpur. Let him have the same courage to take this over. Under Jain's captivity this captive unit will get further ruin. Let it become a captive unit of the cement corporation of India so that 3,000 workers will not starve further.

Sir several assurances were given by Shri Alok Jain that this will start functioning but it has not started functioning. This gentleman I am sure will never start the unit despite financial assistance, unless the Minister takes a firm attitude. Let him give an assurance that by 15th of August this will be reopened or otherwise, Government will take it over.

PROF. D. P. CHATTOPADHYAYA: In fact this gentleman informed us that he will see to it that Kanpur Jute Udyog is opened by 15th of July. I am speaking from memory. That date is over and this has not been reopened. Now I have got a letter from him that this will be reopened on 1st September. We will look into it and we will see other alternative ways of reopening it if necessary.

SHRIMATI PARVATHI KRISHNAN (Coimbatore): Mr. Speaker, Sir, I will be very brief and will ask only

one or two questions. Sir, the Minister recently made a statement in Calcutta saying that Government has no intention of nationalising the jute industry. I would like to know why is it that when this industry is in such a crisis such a blanket assurance is being given and that too without anybody asking for such an assurance? Secondly, I would like to know why is it, when you are giving them so many concessions and incentives, that they are still closing down due to financial crisis? What are you doing about seeing to it that these so-called financial crises are not there. I know these financial crises are mainly due to their own inner-management quarrels. The hon. Minister has not given any indication as to what Government is doing to step in before the so-called financial crises reach to the point of closure of mills and also end up in Government money and other credits which have been given to them being played around with?

13 hrs.

PROF. D. P. CHATTOPADHYAYA: This point regarding giving concessions and subsidies has been repeatedly made and I have tried to respond to it in the best manner possible. The records will show that these concessions are sometimes given and sometimes withdrawn depending upon the cost data supplied by the industry and rigorously checked up by the Cost Accountancy Department of the Ministry of Finance and also the administrative Ministry. When we give some concessions to the industry it is not for the industrialists. If the industrial units go sick then the workers suffer, the growers of the raw-material suffer and the foreign exchange earnings get affected. We have to take a comprehensive view. We do not decide these issues on personal or isolated consideration. I have already said if the units become sick and we take over the sick units the Government will be loaded with a sector of sick units whereas all the healthy units will remain in the

private sector. I do not know what sort of logic and economic consideration can justify it.

13.02 hrs.

CENTRAL AND OTHER SOCIETIES  
(REGULATION) BILL

(i) REPORT OF JOINT COMMITTEE

SHRI NITIRAJ SINGH CHAUDHARY (Hoshangabad): I beg to lay on the Table a copy of the Report of the Joint Committee on the Bill to provide for the incorporation, regulation and winding up of Central societies and declared Central Societies and regulation of aided Union territory societies and amalgamation of Central societies or added Union territory societies with similar societies and for matters connected therewith or incidental thereto

(ii) EVIDENCE

SHRI NITIRAJ SINGH SHAUDHARY: I beg to lay on the Table the record of Evidence tendered before the Joint Committee on the Bill to provide for the incorporation, regulation and winding up of Central societies and declared Central societies and regulation of aided Union territory societies and amalgamation of Central societies or aided Union territory societies with similar societies and for matters connected therewith or incidental thereto.

13.04½ hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS  
Sixty-fifth Report

SHRI G. G. SWALL (Autonomous Districts): I beg to present the Sixty-fifth Report of the Committee on Private Members' Bills and Resolutions.

MR. SPEAKER: The House stands adjourned for Lunch to meet at five minutes past 2 O'clock.

13.05 hrs.

The Lok Sabha adjourned for Lunch till five minutes past Fourteen of the Clock.

The Lok Sabha reassembled after Lunch at eight minutes past fourteen of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

CODE OF CIVIL PROCEDURE  
(AMENDMENT) BILL—Contd.

MR. DEPUTY-SPEAKER: We take up further consideration of the following motion moved by Dr. V. A. Seyid Muhammad on the 11th August 1976, namely:—

"That the Bill further to amend the Code of Civil Procedure, 1908, and the Limitation Act, 1963, as reported by the Joint Committee, be taken into consideration".

SHRI R. R. SHARMA will continue his speech.

श्री राम रत्न शर्मा (बांदा) : उपाध्यक्ष महोदय, कलाज 27 जिस में सेक्शन 80 को अमेंड किया गया है उस के बारे में मैंने एक अमेंडमेंट दिया है। दफा 80 को अमेंड करते समय जैसी कि सेनेट कमेटी की राय थी और ना कमीशन की भी राय थी उस का ध्यान न रखते हुए पता नहीं किन कारणों से दफा 80 के नीचे एक सब-क्लाज जोड़ दिया गया जिस के कारण दफा 80 के द्वारा जो राहत आप देना चाहते हैं वह राहत मिल नहीं पावी।

आप देखिये कलाज 2 में है :

"But the Court shall not grant relief in the suit, whether interim or