

Speech

Of

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Union Minister of Textiles

on the occasion of

Interaction with Jute Sector
representatives

On

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at

Kolkata

Thiru. Bhupendra Singh, Joint Secretary in the Ministry of Textiles, Govt. of
India

Thiru. Binod Kispotta, Jute Commissioner

Thiru. Atri Bhattacharya, Secretary, Jute Manufacturers Development
Council and Executive Director, National Centre for Jute Diversification

Dr. R.C.Tiwari, Chairman and Managing Director, Jute Corporation of India

Thiru. Sanjay Kajaria, Chairman, Indian Jute Mills Association

Thiru. Sishir Khaitan, President, Association of Jute and Handicrafts
Entrepreneurs of Eastern India

Friends in the Media

Ladies and Gentlemen

The Jute and Jute Textiles industry in the current scenario is at a crossroad. Jute, the golden fibre, meets all the standards for 'safe' packing in view of its inherent advantages of being a natural renewable, biodegradable and eco-friendly product. It supports nearly **40 lakh farmer families** besides providing direct employment to **2.5 lakh industrial workers** and livelihood to another **20 lakh people in secondary and tertiary** sectors.

It is regrettable that jute, as a fibre, has not exploited its potential. The production of jute and mesta, in the last decade, has been stagnant and even coming down of late. The Jute products have been facing severe competition from its rival synthetic products, especially in value terms. The Government have been protecting traditional jute products, i.e., jute bags

through compulsory reservations. The protection is good environmentally and, to some extent, socially. However, it increases the transaction costs of the commodity value chain, and protectionism disincentives the sector to modernize and adopt efficient processes. The Government's commitment to continue with protection to jute, is beyond doubt. The jute industry will not flourish unless steps are taken by the stakeholders to make the jute products price competitive, which can come about if industry takes the lead to modernize work processes and explore new market for their products.

Friends, let me outline some of the steps that we have initiated to help industry achieve the above objective. First, let us focus on production and marketing of raw jute. The area under the jute cultivation is hovering between 80 and 90 lakh hectares. Jute being an inter crop, there was earlier no competition in regard to availability of land for Jute cultivation. With advances in agriculture and biotechnology, it has to compete with rival crops like paddy, groundnut, vegetables, etc. Therefore, unless the farmer gets a proper remunerative price, the area is not likely to go up in near future, I am of view that there is an immediate need to accelerate Research & Development efforts to develop high yielding seeds to improve productivity and production of jute to empower the farmer to get higher yields and economic value for their produce. We have launched the Jute Technology Mission with four Mini-Missions to bring about development of Jute Sector from production to marketing in a mission-mode approach. Under the Mini-Missions I & II, Government is funding agricultural R&D in jute as well as transfer of improved technology and agronomic practices to the farmers.

To cover the risk of fluctuation in jute prices, we are conducting Minimum Support Price operations through the 171 Purchase Centers of Jute Corporation of India. Under the Mini-Mission-III of Jute Technology Mission, Government is setting-up, modernizing and upgrading the facilities at JCI Purchase Centers and Market Yards. Government has increased the Minimum Support Price of jute by more than 50% during the last five years, which now stands at Rs. 1,375 per quintal. **I have directed the Jute Corporation of India to make sure that it meets its objective of ensuring proper remunerative prices to farmers by conducting commercial operations at appropriate stage, to arrest the slide in prices of raw-jute which harms the interest of farmers.**

The Market Yards being developed under the Mini-Mission III will help to reduce the transaction costs in marketing of raw jute by the farmers to the mills. Ten Market yards with modern facilities including Weighment, Grading Assortment platform, Auctioning Platform, Warehousing, Pledging Facility, Farmer's Information Centre, Raw Jute and mesta testing facility and banking facilities are being developed. **Two such Market Yards at Chapadanga in West Bengal and Kharupetia in Assam have already been completed and inaugurated. We propose to set up two more Market Yards at Bethwadori and Karimpur in Nadia districts of West Bengal in the current financial year. We also propose to set up three Departmental Purchase Centres at Karanojor and Katwa in West Bengal and Kalibor in Assam in the current financial year.**

Friends, the next step in the jute value chain is the conversion of raw jute into jute products, which is done by the jute mills. The problems

afflicting the jute mills are high labour cost, instability in the production of raw jute, obsolescence of machinery, poor efficiencies, uneconomic working and competition from synthetic sector.

You may recall, Government have formulated and notified the National Jute Policy in 2005. Much water has flown since then, and the scenario in jute sector, which was supply driven then, has turned to demand driven. The demand of jute sacks by food-grain procurement agencies which used to be around 15 lakh bales per year about 2 years ago, have now risen to 24 to 25 lakh bales per year. I have been receiving a number of representations from the State Governments, Procurement Agencies, etc., regarding inability of jute industry to meet its supply commitments. I feel that in the changed scenario, we need to have a re-look of the whole gamut of policy on jute. Government have constituted a **Working Group for formulation of National Fiber Policy with a sub-group on Jute sector**. I would request all the stakeholders to examine and consider all the aspects of jute economy and come out with suggestions for a long term holistic policy on jute sector.

I know that the jute mills and Indian Jute Mills Association have been demanding full compensation of their costs while determining the price of jute bags procured by Government agencies. I must also tell you that the consumers, such as, Foodgrain procurement agencies like Food Corporation of India and the Union Ministry of Food and Public Distribution have been demanding reduction of prices of jute bags. There is a need to balance these conflicting demands. I am of the opinion that the Jute Mills should be fully compensated for their costs, which are based on efficiency

norms. **Accordingly, we have asked the Tariff Commission to rework their recommendations afresh based on efficiency norms set by Jute Manufacturers Development Council.**

The Jute Industry has to modernize if they have to produce jute of high quality and at reasonable price. Under the Mini-Mission-IV of JTM, Rs. 28 crore has been provided for development of modernized machinery, and Rs 80 crore are to be provided for subsidy to mills acquiring new and modernized machinery. I understand, there is a bottleneck in the scheme for acquisition of machinery regarding the cap on Subsidy. **We have taken up the matter with Ministry of Finance to raise the subsidy from Rs. 70 lakh to Rs. 3.5 crore per mill. I hope that Finance Minister will take positive decision on our proposal.**

The Scheme for Jute Parks for the Diversified Sector is also a part of Mini Mission-IV for which, a budget of Rs 60 crore has been provided. The Government has already sanctioned 7 jute parks. **I am told that the said Jute Parks have not taken off because of problems in transfer of land from promoters to the SPVs. I would like to take this opportunity to urge upon the State Government of West Bengal to expedite the process so that said Jute Parks can be developed expeditiously.**

The use of jute-based geo textiles in areas like erosion control, separation, filtration and drainage and soil reinforcement has already been established through extensive field trials in different States. An

aggressive marketing campaign requires to be launched for promoting their use in these areas.

Government is actively contemplating the revival of National Jute Manufacturers Corporation Limited through Public Private Partnership mode, at an estimated cost of Rs. 1,202 crore, **I suggest that possibility may be explored to establish composite units for jute products in these modernized units.**

Before concluding, I will like to say that I expect the industry to continue to sensitize as well as to provide us a road-map for targeted action to achieve the goals which we have set for ourselves.

Thank you.