

Jute industry aggrieved at price cut proposal

JAVAJIT DASH
Bhubaneswar, 29 March

TIGHTENING GRIP

Supply and distribution position of raw jute

| Year | Carryover stock | Production | Imports | Total supplies | Total demand |
|---------|-----------------|------------|---------|----------------|--------------|
| 2012-13 | 3.1 | 9.3 | 0.8 | 13.2 | 10.5 |
| 2013-14 | 2.9 | 9.5 | 0.9 | 13.3 | 10.5 |
| 2014-15 | 2.4 | 7.2 | 0.1 | 9.7 | 8.2 |
| 2015-16 | 1.4 | 6.5 | 0.6 | 8.5 | 7.9 |
| 2016-17 | 0.6 | 9.0 | 0.6 | 10.2 | 9.2 |

All figures in million bales, 1 bale is 180kg

Source: Jute Commissioner's Office



Commissioner's reports of 2002, 2007, 2009 and 2013 or used the suggestions only as interim ones. In the middle of 2017, the Commission gave a fifth report but this was vehemently opposed by the Indian Jute Mills Association and the recommendations couldn't go forward.

Earlier, the jute commissioner's Office set up two pricing committees between 2015 and 2016 but these failed to carry all stakeholders along. The government also introduced lighter bags, for 580g from the earlier 665g, from November 2015 and the purchase started in December 2015. Two-third of Bengal's raw jute, complained the industry, was of lower grades and unsuitable for manufacture of the lighter weight bags.

The recommendation of the Tariff Commission to cut prices of jute bags by almost ₹3,000 a tonne has dealt a blow to the jute industry.

If agreed to, it means jute sacking for packing of food-grain and sugar would be purchased by government agencies at five to seven per cent less than the industry average.

The Commission, a body under the Centre's department of industrial policy and promotion, says the current price of types A and B jute bags are ₹72,345 a tonne and ₹69,585 a tonne, respectively. Its two-part report is based on price data collected by the jute commissioner's office between April 2016 and March 2017. The 2016 productivity norms of the

Indian Jute Industries Research Association (IJIRA) were also used.

The industry is likely to contest the report. "The findings are based only on desk research and does not reflect the true picture of the industry. No real field work was undertaken. It will ruin the industry," said an industry source.

There are 70-odd operating mills in Bengal. By the execu-

tive summary, the Commission used a step-by-step approach that was approved by the Cabinet in 2001. Unconventionally, it also used the minutes of a meeting held in the textile ministry on April 11, 2016, as its Terms of Reference for the study.

The industry had already challenged IJIRA norms in court. Industry observers charge that the final report

was given in a hurry, after an undertaking to the Calcutta High Court in September 2017 on not delaying it after the one-year price data came. The summary says the Commission received the financial data on November 30, 2017, and the workable data in its final form on February 15, 2018.

The central government had either rejected the

Business Standard

30/3/18

✓ K