

THE NATIONAL JUTE BOARD BILL, 2006

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**Bill No. 49 of 2006**

**THE NATIONAL JUTE BOARD BILL, 2006**

A

**BILL**

*to provide for the establishment of a National Jute Board for the development of the cultivation, manufacture and marketing of jute and jute products and for matters connected therewith and incidental thereto.*

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

**CHAPTER I**

**PRELIMINARY**

5

1. (1) This Act may be called the National Jute Board Act, 2006.
- (2) It extends to the whole of India.
- (3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title,  
extent and  
commencement.

## Definitions.

2. In this Act, unless the context otherwise requires,—

(a) "appointed day" means such date as the Central Government may, by notification in the Official Gazette, appoint for the purpose of section 3;

(b) "Board" means the National Jute Board constituted under section 3;

(c) "Chairperson" means the Chairperson of the Board;

(d) "Council" means the Jute Manufactures Development Council established under section 3 of the Jute Manufactures Development Council Act, 1983;

(e) "jute manufacture" shall have the same meaning as assigned to it in the Jute Manufactures Cess Act, 1983;

(f) "member" means a member of the Board and includes the Chairperson;

(g) "prescribed" means prescribed by rules made under this Act;

(h) "regulations" means regulations made by the Board under this Act;

(i) "Society" means the National Centre for Jute Diversification, a society set up by the Central Government in the Ministry of Textiles and registered under the Societies Registration Act, 1860;

(j) "year" means the year commencing on the 1st day of April and ending on the 31st day of March next following.

## CHAPTER II

## THE NATIONAL JUTE BOARD

Constitution  
and incorpora-  
tion of Board.

3. (1) With effect from the appointed day, the Central Government shall, by notification in the Official Gazette, constitute, for the purposes of this Act, a Board to be called the National Jute Board.

(2) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

(3) The head office of the Board shall be at Kolkata in the State of West Bengal or such other places as the Central Government may, by notification in the Official Gazette, specify and the Board may, with the previous approval of the Central Government, establish offices or agencies at other places in or outside India.

(4) The Board shall consist of the following members, namely:—

(a) the Secretary in charge of the ministry of the Central Government dealing with textiles, who shall be the *ex officio* Chairperson of the Board;

(b) the Additional Secretary and Financial Adviser, Ministry of Textiles, Government of India, *ex officio*;

(c) the Joint Secretary (Jute) in the Ministry of Textiles, Government of India, *ex officio*;

(d) two members of the rank of Joint Secretary to be nominated by the Central Government to represent respectively the ministries of the Central Government dealing with—

(i) agriculture, and

(ii) food and public distribution;

(e) three members to be nominated by the Central Government by rotation in the alphabetical order to represent respectively the Governments of the States of Andhra Pradesh, Assam, Bihar, Meghalaya, Orissa, Tripura and West Bengal; the nomination shall be from officials of the State Government holding the rank of Secretary to the State Government and dealing with Jute or Textile matters;

(f) two members to be appointed by the Central Government to represent the jute industry in the organized sector;

(g) two members to be appointed by the Central Government to represent the jute industry in the decentralized sector;

5 (h) two members to be appointed by the Central Government to represent the exporters of jute products;

(i) the Director, Indian Jute Industries Research Association, *ex officio*;

(j) the Principal, Institute of Jute Technology, *ex officio*;

10 (k) the Director, National Institute of Research on Jute and Allied Fibre Technology, Kolkata, *ex officio*;

(l) the Director, Central Research Institute for Jute and Allied Fibres, *ex officio*;

(m) the Chairman and Managing Director, Jute Corporation of India, *ex officio*;

(n) the Jute Commissioner, *ex officio*;

15 (o) the Secretary, National Jute Board, who shall be the *ex officio* Member-Secretary of the Board.

(5) The term of office of the members, other than the *ex officio* members, and the manner of filling vacancies among, and the procedure to be followed in the discharge of their functions by, such members shall be as may be prescribed.

20 (6) The office of members of the Board shall not disqualify its holder for being chosen as, or for being a member of either House of Parliament.

(7) The Chairperson shall, in addition to presiding over the meetings of the Board, exercise and discharge such powers and duties of the Board as may be assigned to him by the Board and such other powers and duties as may be prescribed.

25 (8) The Board shall elect from among its members a Vice-Chairperson who shall exercise such of the powers and perform such of the functions of the Chairperson as may be prescribed or as may be delegated to him by the Chairperson.

(9) The Board shall meet at such times and places and shall observe such procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be determined by regulations.

30 **4. (1) The Central Government may appoint the Secretary and such other officers and employees as it considers necessary, for the efficient discharge of the functions of the Board under this Act.** Secretary and other officers.

(2) The terms and conditions of service of the Secretary and other officers and employees of the Board shall be such as may be determined by regulations.

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### CHAPTER III

#### FUNCTIONS OF THE BOARD

5. (1) It shall be the duty of the Board to promote the development of jute and jute products by such measures as it thinks fit. Functions of Board.

40 (2) Without prejudice to the generality of the foregoing provision, the Board may undertake measures to—

(i) evolve an integrated approach to jute cultivation in the matters of formulation of schemes, extension work, implementation and evaluation of schemes aimed at increasing the yield of jute and improving the quality thereon;

(ii) promote production of better quality raw jute;

45 (iii) enhance productivity of raw jute;

- (iv) promote or undertake arrangements for better marketing and stabilisation of the prices of raw jute;
- (v) promote standardisation of raw jute and jute products;
- (vi) suggest norms of efficiency for jute industry with a view to eliminating waste, obtaining optimum production, improving quality and reducing costs; 5
- (vii) propagate information useful to the growers of raw jute and manufacturers of jute products;
- (viii) promote and undertake measures for quality control of raw jute and jute products;
- (ix) assist and encourage studies and research for improvement of processing, quality, techniques of grading and packaging of raw jute; 10
- (x) promote or undertake surveys or studies aimed at collection and formulation of statistics regarding raw jute and jute products;
- (xi) promote standardisation of jute manufactures;
- (xii) promote the development of production of jute manufactures by increasing the efficiency and productivity of the jute industry; 15
- (xiii) sponsor, assist, coordinate, encourage or undertake scientific, technological, economic and marketing research pertaining to the jute sector;
- (xiv) maintain and improve existing markets and to develop new markets within the country and outside for jute manufactures and to devise marketing strategies in consonance with the demand for such manufactures in the domestic and international markets; 20
- (xv) sponsor, assist, coordinate or encourage scientific, technological and economic research in the matters related to materials, equipment, methods of production, product development including discovery and development of new materials, equipment and methods and improvements in those already in use in the jute industry; 25
- (xvi) provide and create necessary infrastructural facilities and conditions conducive to the development of diversified jute products by way of assisting the entrepreneurs, artisans, craftsman, designers, manufacturers, exporters, non-Governmental agencies in the following manner, namely:— 30
- (a) transfer of technology from research and development institutions and other organisations in India and abroad;
- (b) providing support services to the entrepreneurs for the implementation of their projects including technical guidance and training; 35
- (c) organizing entrepreneurial development programmes;
- (d) planning and executing market promotion strategies including exhibitions, demonstrations, media campaigns in India and abroad;
- (e) providing financial assistance by way of subsidy or seed capital;
- (f) providing a forum to the people engaged or interested in diversified jute products for interacting with various national and international agencies, engaged in the jute and jute textile sector; 40
- (xvii) organize workshops, conferences, lectures, seminars, refresher courses and set up study groups and conduct training programmes for the purpose of promotion and development of jute and jute products; 45
- (xviii) secure better working conditions and provisions and improvement of amenities and incentives for workers engaged in the jute industry;
- (xix) register jute growers and manufacturers on optional basis;

(xx) collect statistics with regard to jute and jute products for compilation and publication;

(xxi) subscribe to the share capital of or enter into any arrangement (whether by way of partnership, joint venture or any other manner) with any other body corporate for the purpose of promoting the jute sector or for promotion and marketing of jute and jute products in India and abroad.

(3) It shall be the duty of the Board—

(a) to advise the Central Government on all matters relating to the development of raw jute and the jute industry, including import and export of jute and jute products;

(b) to prepare and furnish reports relating to the jute sector as may be required by the Central Government from time to time.

#### CHAPTER IV

##### PROPERTY AND CONTRACT

6. (1) On and from the appointed day, there shall be transferred to, and vest in, the Board constituted under section 3, the Council and the Society.

The Council and Society to vest in Board.

(2) The Council and the Society which is transferred to, and which vests in, the Board under sub-section (1) shall be deemed to include all assets, rights, powers, authorities and privileges and all property movable and immovable, real or personal, corporeal or incorporeal, present or contingent, of whatever nature and wheresoever situate, including lands, buildings, machinery, equipments, cash balances, capital, reserves, reserve funds, investments, tenancies, leases and book debts and all other rights and interests arising out of such property as were immediately before the appointed day in the ownership or possession or power of the Council, or as the case may be, the Society, whether within or outside India, all books of account and documents relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind then subsisting of the Society, or as the case may be, the Council.

7. (1) All contracts, agreements and working arrangements subsisting immediately before the appointed day and affecting the Council, or as the case may be, the Society shall, in so far as they relate to the Council, or as the case may be, the Society, cease to have effect or be enforceable against the Council, or as the case may be, the Society and shall be of as full force and effect against or in favour of the Board in which the Council and the Society have vested by virtue of this Act and enforceable as fully and effectively as if, instead of the Council, or as the case may be, the Society, the Board had been named therein or had been a party thereto.

General effect of vesting of Council and Society in Board.

(2) Any proceeding, suit or cause of action pending or existing immediately before the appointed day by or against the Council or the Society may, as from that day, be continued and enforced by or against the Board in which it has vested by virtue of this Act, as it might have been enforced by or against the Council or the Society if this Act had not been passed, and shall cease to be enforceable by or against the Council or, as the case may be, the Society.

8. With effect from the appointed day, all licences, permits, quotas and exemptions, granted to the Council or the Society in connection with the affairs and business of the Council, or as the case may be, the Society, under any law for the time being in force, shall be deemed to have been granted to the Board in which the Council and the Society have vested by virtue of this Act.

Licences, etc., to be deemed to have been granted to Board.

9. (1) Where any exemption from, or any assessment with respect to, any tax has been granted or made or any benefit by way of set off or carry forward, as the case may be, of any unabsorbed depreciation or investment allowance or other allowance or loss has been extended or is available to the Council or the Society, under the Income-tax Act,

Tax exemption or benefit to continue to have effect.

1961, such exemption, assessment or benefit shall continue to have effect in relation to the Board in which the Council and the Society have vested by virtue of this Act. 43 of 1961.

(2) Where any payment made by the Council or the Society is exempted from deduction of tax at source under any provision of the Income-tax Act, 1961, the exemption from tax will continue to be available as if the provisions of the said Act made applicable to the Council or the Society were operative in relation to the Board in which the Council and the Society have vested by virtue of this Act. 43 of 1961. 5

(3) The transfer and vesting of the Council or the Society in terms of section 6 shall not be construed as a transfer within the meaning of the Income-tax Act, 1961 for the purposes of capital gains. 43 of 1961. 10

Guarantee to be operative.

10. Any guarantee given for or in favour of the Council or the Society with respect to any loan or lease finance shall continue to be operative in relation to the Board in which the Council and the Society have vested by virtue of this Act.

Provisions in respect of officers and other employees of Council and Society.

11. (1) (a) Every officer or other employee of the Council serving in its employment immediately before the appointed day shall, in so far as such officer or other employee is employed in connection with the Council which has vested in the Board by virtue of this Act, becomes, as from the appointed day, an officer, or as the case may be, other employee of the Board. 15

(b) Every officer or other employee of the Society serving in its employment immediately before the appointed day shall, in so far as such officer or other employee is employed in connection with the Society which has vested in the Board by virtue of this Act, becomes, as from the appointed day, an officer, or as the case may be, other employee of the Board. 20

(2) Every officer or other employee of the Council or the Society who becomes an officer, or as the case may be, other employee of the Board, as referred to in sub-section (1), shall hold his office or service therein by the same tenure, at the same remuneration, upon the same terms and conditions, with the same obligations and rights and privileges as to leave, insurance, superannuation scheme, provident fund, other funds, retirement, pension, gratuity and other benefits as he would have held under the Council, or as the case may be, the Society, if it had not vested in the Board and shall continue to do so as an officer or other employee, as the case may be, of the Board, or until the expiry of a period of one year from the appointed day if such officer or other employee opts not to be the officer or other employee of the Board within such period: 25 30

Provided that if the Board thinks it expedient to extend the period so fixed, it may extend the same up to a maximum period of one year. 35

(3) Where an officer or other employee of the Council or the Society opts under sub-section (2) not to be in the employment or service of the Board in which the Council and the Society have vested, such officer or other employee shall be deemed to have resigned from the respective cadre.

(4) Notwithstanding anything contained in the Industrial Disputes Act, 1947 or in any other law for the time being in force, the transfer of the services of any officer or other employee of the Council or the Society to the Board shall not entitle such officer or other employee to any compensation under this Act or any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority. 40 of 1947.

(5) The officers and other employees who have retired before the appointed day from the service of the Council or the Society and are entitled to any benefits, rights or privileges shall be entitled to receive the same benefits, rights or privileges from the Board in which the Council and the Society have vested. 45

(6) The trusts of the Provident Fund and Group Insurance and Superannuation Scheme of the Council or the Society for the welfare of officers or employees would continue to discharge their functions in the Board as was being done hitherto in the 50



Council or the Society and tax exemption granted to Provident Fund or Group Insurance and Superannuation Scheme would continue to be applied to the Board.

5 (7) After the expiry of the period of one year, or the extended period, as referred to in sub-section (2), all the officers and other employees transferred and appointed to the Board, other than those opting not to be the officers or employees of the Board within such period, shall be governed by the rules and regulations made by the Board in respect of the service conditions of the officers and other employees of the said Board.

## CHAPTER V

### POWERS OF THE CENTRAL GOVERNMENT

10 12. (1) The Board shall, in the discharge of its functions and duties under the relevant statute be bound by such direction on questions of policy as the Central Government may give in writing to it from time to time: Directions  
by Central  
Government.

Provided that the Board shall, as far as practicable, be given an opportunity to express its views before any direction is given.

15 (2) The decision of the Central Government, whether a question is one of policy or not, shall be final.

13. (1) If at any time the Central Government is of the opinion that—

Supersession  
of the Board.

(a) on account of grave emergency, the Board is unable to discharge the functions and duties imposed on it by or under the provisions of this Act; or

20 (b) the Board has persistently made default in complying with any direction issued by the Central Government under this Act or in the discharge of the functions and duties imposed on it by or under the provisions of this Act and as a result of such default, the financial position of the Board or the administration of the Board has deteriorated; or

25 (c) that circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification in the Official Gazette, supersede the Board for such period, not exceeding six months, as may be specified in the notification.

(2) Upon the publication of a notification—

30 (a) all the members of the Board shall, as from the date of supersession vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of the relevant Act, be exercised or discharged by or on behalf of the Board shall, until the Board is reconstituted under sub-section (3), be exercised and discharged by such person or persons as the Central Government may direct; and

35 (c) all property owned or controlled by the Board shall, until the Board is reconstituted, vest in the Central Government.

40 (3) On the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government may reconstitute the Board by a fresh appointment and in such case any person or persons who vacated their offices under clause (a) of sub-section (2), shall not be deemed disqualified for appointment:

Provided that the Central Government may, at any time, before the expiration of the period of supersession, take action under this sub-section.

45 (4) The Central Government shall cause a notification to be issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action will be laid before each House of Parliament at the earliest.

## CHAPTER VI

## FINANCE, ACCOUNTS AND AUDIT

Grants and loans by the Central Government.

14. (1) The Central Government may, after due appropriation made by Parliament by law, in this behalf, make to the Board grants and loans of such sums of money as that Government may consider necessary. 5

(2) There shall be constituted a fund to be called the Jute Board Fund and there shall be credited thereto— 5

(a) any grants and loans made to the Board by the Central Government;

(b) all sums received by the Board from such other sources as may be decided upon by the Central Government. 10

(3) The Fund shall be applied for meeting—

(a) salary, allowances and other remuneration of the members, officers and other employees of the Board;

(b) expenses of the Board in the discharge of its functions; and

(c) expenses on objects and for purposes authorised by this Act. 15

Budget.

15. The Board shall prepare in such form and at such time during each financial year, as may be prescribed, its budget for the next financial year, showing the estimated receipts and expenditure of the Board, and forward the same to the Central Government.

Annual report.

16. The Board shall prepare in such form and at such time, each financial year, as may be prescribed, its annual report, giving a full account of its activities during the previous financial year and submit a copy thereof to the Central Government. 20

Accounts and audit.

17. The accounts of the Board shall be maintained and audited in such manner as may, in consultation with the Comptroller and Auditor-General of India, be prescribed and the Board shall furnish to the Central Government before such date, as may be prescribed, an audited copy of its accounts, together with the auditor's report thereon. 25

Laying of annual and auditor's report before Parliament.

18. The Central Government shall cause the annual report and auditor's report to be laid, as soon as may be after they are received, before each House of Parliament.

## CHAPTER VII

## MISCELLANEOUS

Protection of action taken in good faith.

19. No suit, prosecution or other legal proceeding shall lie against the Central Government, or the Board or any member of the Board, or any officer or other employee of the Central Government or of the Board or any other person authorised by the Central Government or the Board, for anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder. 30

Officers and employees of Board to be public servants.

20. All officers and employees of the Board shall, while acting or purporting to act in pursuance of the provisions of this Act or of any rule or regulation made thereunder, be deemed to be public servants within the meaning of section 21 of the Indian Penal Code. 35 45 of 1860.

Power to make rules.

21. (1) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:— 40

(a) the term of office and other conditions of service of the members of the Board under sub-section (5) of section 3;

(b) the powers and duties of the Chairperson under sub-section (7) of section 3;

(c) the powers and functions of the Vice-Chairperson under sub-section (8) of section 3 ;

(d) the form in which, and the time at which, the Board shall prepare its budget under section 15;

5 (e) the form in which, and the time at which, the Board shall prepare its annual report under section 16;

(f) the manner in which the accounts of the Board shall be maintained and audited, and the date before which the audited copy of the accounts may be furnished to the Central Government under section 17;

10 (g) any other matter which is to be, or may be, prescribed or in respect of which provision is to be, or may be, made by the rules.

22. (1) The Board may, with the previous approval of the Central Government, by notification in the Official Gazette, make regulations consistent with the provisions of this Act and the rules generally to carry out the purposes of this Act. Power to make regulations.

15 (2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the manner in which the business of the Board shall be conducted under sub-section (9) of section 3; and

20 (b) the terms and conditions of service of the Secretary and other officers and employees of the Board under section 4.

23. Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation. Rules and regulations to be laid before Parliament.

24. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty: Power to remove difficulties.

35 Provided that no such order shall be made after the expiry of a period of two years from the commencement of this Act.

(2) Every order made under sub-section (1) shall be laid, as soon as may be after it is made, before each House of Parliament.

25. In the Jute Manufactures Cess Act, 1983,—

40 (a) in section 3,—

(i) in sub-section (1), for the words and figures “the Jute Manufactures Development Council Act, 1983”, the words and figures “the National Jute Board Act, 2006” shall be substituted;

(ii) in sub-section (2), the words “and Salt” shall be omitted;

45 (iii) in sub-section (4), the words “and Salt” shall be omitted;

(b) in section 4, for the words, brackets and figures “the Jute Manufactures Development Council, from time to time, from out of such proceeds (after

Amendment of Act 28 of 1983.

deducting the cost of collection which shall not exceed four per cent. of such proceeds) such sums of money as it may think fit for being utilised for the purposes of the Jute Manufactures Development Council Act, 1983", the words, brackets and figures "the National Jute Board from time to time, from out of such proceeds (after deducting the cost of collection which shall not exceed four per cent. of such proceeds) such sums of money as it may think fit for being utilised for the purposes of the National Jute Board Act, 2006" shall be substituted. 5

Repeal and savings.

26. (1) On and from the appointed day, the Jute Manufactures Development Council Act, 1983 shall stand repealed. 27 of 1983.

(2) Notwithstanding such repeal, anything done or any action taken or purported to have been done or taken under the Act so repealed shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act. 10

## STATEMENT OF OBJECTS AND REASONS

The jute sector occupies an important place in the economy of the country in general, and the eastern region in particular. Around 0.14 million people are engaged in the tertiary sector and allied activities, supporting the jute economy. These apart, the jute industry also contributes to exports to the tune of nearly Rs. 1,000 crores. The Jute Manufactures Development Council (JMDC), incorporated under the Jute Manufactures Development Council Act, 1983 and the National Centre for Jute Diversification (NCJD), a Society set up by the Central Government in the Ministry of Textiles and registered under the Societies Registration Act, 1860 are the institutions which are presently co-ordinating the operations of the large number of functions in the jute sector.

2. In pursuance to the National Jute Policy, 2005, the Government has approved the creation of a National Jute Board. Creation of the Board is a major organisational initiative and it will be the agency to co-ordinate and implement the programmes of the jute sector. The proposed Jute Board will be constituted and incorporated by merging the existing Jute Manufactures Development Council (JMDC), and the National Centre for Jute Diversification (NCJD) along with their funds and manpower. To avoid the multiplicity of efforts and programmes of various organisations in the jute sector, the National Jute Board will act as an umbrella body for the entire jute sector.

3. The salient features of the proposed legislation are as follows:—

(i) it proposes to merge Jute Manufactures Development Council and the National Centre for Jute Diversification, and in place of these two entities constitution and incorporation of a Board to be called the National Jute Board;

(ii) the proposed Board shall be consisting of 20 members to be appointed by the Central Government from the jute sector, representing the jute industry, labour institutions and organisations functioning in the jute sector, and from the Ministry of Textiles, Ministry of Agriculture and Ministry of Food and Public Distribution. The Secretary, Ministry of Textiles will be the *ex officio* Chairperson of the Board;

(iii) the Central Government is being empowered to appoint the Secretary to the Board and such other officers and employees, as it considers necessary for the efficient discharge of its functions and the terms and conditions of service of the Secretary and other officers and employees of the Board shall be such as may be determined by regulations;

(iv) the functions of the Board *inter alia* to promote the development of jute and jute products; to promote production of better quality raw jute; to enhance productivity of raw jute; to promote and undertake arrangements for better marketing and standardization of the prices of raw jute; to assist and encourage studies and research for improvement of processing, quality, techniques of grading and packaging of raw jute; to provide and create necessary infrastructural facilities and conditions conducive to the development of diversified jute products; to provide financial assistance by way of subsidy or seed capital, etc. Clause 5 of the proposed Bill specifies the detailed functions of the Board;

(v) it has been also proposed that the property and contract including the agreement, working arrangements, licences, permits, quotas and exemptions, etc., relating to or owned by the Jute Manufactures Development Council and the National Council for Jute Diversification shall be transferred and vest in the Board; the proposed Board shall also be entitled the tax exemptions or benefits available to the Council or the Society under the Income-tax Act, 1961;

(vi) the services of the officers and employees of the Council and the Society shall be transferred to the Board and they shall hold office on the same terms and

conditions as they would have held in the two institutions as if they have not merged and also the officers and employees who opt not to be in the employment or service of the Board in which the Council and the Society have merged, such officers and employees shall be deemed to have resigned from the respective cadre;

(vii) the proposed legislation also empowers the Central Government to supersede the Board on account of grave emergency or on account of persistent default by the Board in not carrying out the instructions of the Government, or in public interest;

(viii) the Board will be a body corporate and the Government, after due appropriation made by Parliament will make such grants and loans to the Board as considered necessary and a fund called Jute Board Fund will be constituted. All proceeds on account of grant and loans from the Government; all fees and levies and all sums received by the Board from other sources will be credited to this Fund;

(ix) it is also proposed that the Board shall prepare annual report and submit a copy of the same to the Central Government, which shall be laid, before the Parliament;

(x) it is also proposed to effect consequential amendments to sections 3 and 4 of the Jute Manufactures Cess Act, 1983 to facilitate the allocation of the cess collected under this Act to the proposed Jute Board;

(xi) it also provides the repeal of the Jute Manufactures Development Council Act, 1983.

4. The Bill seeks to achieve the above objects.

SHANKERSINH VAGHELA.

NEW DELHI;  
The 9th May, 2006.

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**PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF  
THE CONSTITUTION OF INDIA**

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**[Copy of letter No. 7/1/2005-Jute, dated the 17th May, 2006 from  
Shri Shankersinh Vaghela, Minister of Textiles to the Secretary-General, Lok Sabha]**

The President, having been informed of the subject matter of the proposed National Jute Board Bill, 2006, recommends under clause (1) of article 117 and clause (1) of article 274 of the Constitution the introduction of the Bill and under article 117(3), the consideration of the Bill by Lok Sabha.

*Notes on clauses*

*Clause 1.*—This clause gives the short title, extent and commencement of the Bill.

*Clause 2.*—This clause contains definitions of certain words and expressions used in the Bill.

*Clause 3.*—This clause provides for the constitution and incorporation of the Board to be called as the National Jute Board by the Central Government. This clause also lays down the composition of the National Jute Board which consists of Chairperson, *ex officio* members, and other members to be nominated by the Central Government. The Secretary in charge of the Ministry of Textiles shall be the Chairperson and two other officers of the Ministry of Textiles shall be the *ex officio* members. The nominated members include representatives from farmers, jute industry and specialists or experts in the field of jute sector and representatives of Ministries of Agriculture and Food and Public Distribution. It also provides for the terms and conditions of appointment of members to be laid down by rules. It also makes provisions for removal of the members other than the *ex officio* members.

*Clause 4.*—This clause empowers the Central Government to appoint the Secretary, officers and other employees for the efficient functioning of the Board.

*Clause 5.*—This clause lays down the functions of the Board shall, *inter alia*, include to evolve an integrated approach to jute cultivation; to promote production of better quality of raw jute; to enhance productivity of raw jute; to promote or undertake arrangements for better marketing and stabilization of the price of raw jute; to promote standardization of raw jute and jute products; to suggest norms of efficiency for raw jute and manufacture of jute products; to propagate information useful to the growers of raw jute and manufacturers of jute products; to promote and undertake measures for quality control of raw jute and jute products; to assist and encourage studies and research for improvement of processing, quality, technique of grading and packaging of raw jute; to promote and undertake surveys or studies aimed at collection and formulation of statistics regarding raw jute and jute products; to promote standardization of jute manufacturers to promote the development of production of jute manufacturers by increasing the efficiency and productivity of jute industry; to sponsor, assist, etc., pertaining to the jute sector; to maintain and improve existing markets and develop new markets within and outside the country for jute manufacturers; to sponsor, assist, etc., in the matters related to materials, equipments, etc., in those already used in the jute industry; to provide and create necessary infrastructural facilities, etc.; to organize workshops, conferences, lectures, etc., for the purpose of production and promotion of jute products; to secure better working conditions for workers engaged in the jute industry.

*Clause 6.*—This clause vests in the Board all assets, rights, powers, authorities and privileges and all property movable and immovable, real or personal, corporeal or incorporeal, present or contingent, of whatever nature and wheresoever situate, including lands, buildings, machinery, equipments, cash balances, capital, reserves, reserve funds, investments, tenancies, leases and book debts and all other rights and interests arising out of such property as were immediately before the appointed day in the ownership or possession of the Jute Manufactures Development Council or the National Centre for Jute Diversification whether within or outside India, all books of account and documents relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind then subsisting of the Society or the Council.

*Clause 7* —This clause provides for giving general effect of vesting of Jute Manufactures Development Council and the National Centre for Jute Diversification in the National Jute Board all contracts, agreements and working arrangements subsisting immediately before the appointed day, affecting the Council or the Society and shall cease to have effect or be enforceable against the Council or the Society and shall be of as full force and effect against or in favour of the Board in which the Council and the Society have vested by virtue of this Bill. This clause also provides that all licenses, etc., to be deemed to have been granted to the Board.

*Clause 8.*—This clause provides that all licences, permits, quotas and exemptions, granted to the Council or the Society under any law shall be deemed to have been granted to the Board.

*Clause 9.*— This clause provides for exemption or benefit granted under the Income-tax Act, 1961 to the Council or the Society shall continue to be applicable to the National Jute Board.

*Clause 10.*—This clause provides that any guarantee given for or in favour of the Council or the Society with respect to loan or lease finance shall continue to be operative in relation to the Board.

*Clause 11.*—This clause provides protection of tenure, remuneration, terms and conditions of service, with the same obligations and with the same rights and privileges as to leave; insurance, superannuation scheme, provident fund, other funds; retirement, pension, gratuity and other benefits as he would have held under the Council or the Society. This clause also provides that officers or employees who do not opt under sub-clause (2) not to be in the employment of the Board, shall be deemed to have resigned from the respective cadre. This clause further provides that notwithstanding anything contained in the Industrial Disputes Act, 1947 or in any other law, the transfer of the services of any officer or other employee of the Council or the Society to the Board shall not entitle such officer or other employee to any compensation under this Act or any other law and no such claim shall be entertained by any court, tribunal or other authority. The trusts of the Provident Fund and Group Insurance and Superannuation Scheme of the Council or the Society for the welfare of the officers and employees shall continue to discharge their functions in the Board and tax exemption granted would continue to be applied to the Board.

*Clause 12.*—This clause stipulates that the Board shall discharge its functions and duties under the relevant statute and be bound by directions of the Central Government. This clause also stipulates that the decision of the Central Government whether a question is one of policy or not shall be final.

*Clause 13.*—This clause stipulates that the Central Government may supersede the Board not exceeding six months, on account of grave emergency, when the Board has defaulted in complying with any direction issued by the Central Government or in the discharge of the functions and duties imposed on the Board by the proposed legislation, the financial position or the administration of the Board has deteriorated. This clause further stipulates that on supersession all Members of the Board shall vacate their offices, all powers, functions and duties shall be exercised and discharged by such person as the Central Government may direct. The Central Government on the expiration of the period of supersession may reconstitute the Board by fresh appointment of any person. This clause also stipulates that a full report of any action and circumstances leading to such action, taken under this clause shall be laid before each House of Parliament.

*Clause 14.*—This clause provides for grants and loans to the Board by the Central Government after due appropriation made by Parliament. This clause also provides for constitution of the Jute Board Fund and there shall be credited grants and loans made to the Board by the Central Government and all sums received by the Board from other sources as may be decided by the Central Government. The Fund shall be applied for meeting salary, allowances and other remuneration of the Members, officers and other employees of the Board in the discharge of its functions.

*Clause 15.*—This clause provides for the Board to prepare its budget during each financial year, showing the estimated receipts and expenditure of the Board and submit the same to the Central Government.

*Clause 16.*—This clause provides that the Board shall prepare each financial year its annual report giving full account of activities during the financial year and submit the copy to the Central Government.



*Clause 17.*—This clause provides that the accounts for the Board shall be maintained and audited in consultation with the Comptroller and Auditor-General of India and the Board shall furnish an audited copy of its accounts together with the auditor's report to the Central Government.

*Clause 18.*—This clause provides that the Central Government shall lay annual report and auditor's report of the Board before each House of Parliament.

*Clause 19.*—This clause seeks to provide immunity to the Central Government or the Board or any member of the Board, or any officer or other employee of the Central Government or of the Board or any other person authorised by the Central Government or the Board from suits, prosecution and other legal proceedings in respect of anything done in good faith under the proposed legislation.

*Clause 20.*—This clause provides that all officers and employees of the Board shall be deemed to be public servants.

*Clause 21.*—This clause empowers the Central Government to make rules to carry out the provisions of the proposed legislation. Sub-clause (2) enumerates the various matters in respect of which such rules may be made. These matters, *inter alia*, include the terms and conditions of service of the members of the Board under proposed sub-section (5) of section 3; powers and duties of the Chairperson, Vice-Chairperson and the manner in which the accounts of the Board shall be maintained and audited and the date by which the audited copy shall be furnished to the Central Government.

*Clause 22.*—This clause empowers the Board to make, with the previous approval of the Central Government, regulations not inconsistent with the provisions of the proposed legislation and the rules made thereunder. These include the terms and conditions of service of the Secretary and other officers and employees and the manner in which the business of the Board shall be conducted.

*Clause 23.*—This clause provides that every rule and regulation made under the proposed legislation shall be laid before each House of Parliament.

*Clause 24.*—This clause empowers the Central Government to make order to remove any difficulty which may arise in giving effect to the provisions of the proposed legislation by order published in the Official Gazette. Such order shall not be inconsistent with the provisions of the proposed legislation. This power can be exercised only within two years from the commencement of the proposed legislation. Further, every such order made shall be laid before each House of Parliament.

*Clause 25.*—This clause provides for certain consequential amendments to the Jute Manufactures Cess Act, 1983.

*Clause 26.*—This clause deals with repeal and savings. On the commencement of the proposed legislation, the Jute Manufactures Development Council Act, 1983 shall stand repealed subject to savings with regard to anything done or any action taken or purported to have been done or taken under the Act so repealed.

## FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for the constitution and incorporation of the National Jute Board for carrying out the functions envisaged in the proposed Bill. Clause 4 of the Bill provides that the Central Government may appoint the Secretary and such other officers and employees as it considers necessary for the efficient discharge of the functions of the Board. The existing infrastructure, staff and the other facilities available in the National Centre for Jute Diversification and Jute Manufacturers Development Council would be utilised by the said Jute Board. The National Centre for Jute Diversification and Jute Manufacturers Development Council would be merged into the said Board along with their funds and manpower. No fresh capital expenditure is envisaged for the time being to establish the Board. The Jute Manufacturers Cess Act, 1983 which yields approximately Rs. 38.00 crores would be utilised for recurring expenditure. The grants and loans support shall be provided through regular budget after due appropriation made by Parliament.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 13 of the Bill empowers the Central Government to supersede the Board if, on account of grave emergency, the Board is unable to discharge the functions and duties imposed on it by or under the provisions of the Bill or the Board has persistently made default in complying with any direction issued by the Central Government or in the discharge of the functions and duties imposed on it and as a result of such default, the financial position of the Board or the administration of the Board has deteriorated, for such period as may be specified in the Notification.

2. Clause 21 of the Bill empowers the Central Government to make rules relating to (a) the term of office and other conditions of service of the members of the Board under sub-section (5) of section 3; (b) the powers and duties of the Chairperson under sub-section (7) of section 3; (c) the powers and functions of the Vice-Chairperson under sub-section (8) of section 3; (d) the form in which, and the time at which, the Board shall prepare its budget under section 15; (e) the form in which, and the time at which, the Board shall prepare its annual report under section 16; (f) the manner in which the accounts of the Board shall be maintained and audited, and the date before which the audited copy of the accounts may be furnished to the Central Government under section 17; and (g) any other matter which is to be, or may be, prescribed or in respect of which provision is to be, or may be, made by rules.

3. Clause 22 of the Bill empowers the Board with the previous approval of the Central Government, by notification in the Official Gazette, to make regulations with regard to the manner in which the business of the Board shall be conducted under sub-section (9) of section 3; and the terms and conditions of service of the Secretary and other officers and employees of the Board under section 4.

4. All rules and regulations made under the proposed legislation shall be required to be laid before each House of Parliament.

5. All matters in respect of which rules and regulations may be made are matters of procedure and administrative detail, and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

ANNEXURE

EXTRACTS FROM THE JUTE MANUFACTURES CESS ACT, 1983  
(28 OF 1983)

\* \* \* \* \*

Levy and collection of cess on jute manufactures produced in India

3. (1) There shall be levied and collected by way of cess for the purposes of the Jute Manufacturers Development Council Act, 1983, on every article of jute manufacture specified in column 2 of the Schedule and produced in India, a duty of excise at such rate not exceeding the rate specified in the corresponding entry in column 3 thereof, as the Central Government may, by notification in the Official Gazette, specify:

27 of 1983.

Provided that until such rate is specified by the Central Government, the duty of excise shall be levied and collected at the rate specified in the corresponding entry in column 4 of the Schedule.

(2) The duty of excise levied under sub-section (1) shall be in addition to the duty of excise leviable on jute manufactures under the Central Excises and Salt Act, 1944 or any other law for the time being in force.

1 of 1944.

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(4) The provisions of the Central Excises and Salt Act, 1944, and the rules made thereunder, including those relating to refunds and exemptions from duty, shall, so far as may be, apply in relation to the levy and collection of the duty of excise on jute manufactures under this Act.

1 of 1944.

Crediting proceeds of duties to the Consolidated Fund of India.

4. The proceeds of the duty of excise levied under sub-section (1) of section 3 shall first be credited to the Consolidated Fund of India and the Central Government may, if Parliament, by appropriation made by law in this behalf, so provides, pay to the Jute Manufactures Development Council, from time to time, from out of such proceeds (after deducting the cost of collection which shall not exceed four per cent. of such proceeds) such sums of money as it may think fit for being utilised for the purposes of the Jute Manufactures Development Council Act, 1983.

27 of 1983.

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A

**BILL**

to provide for the establishment of a National Jute Board for the development of the cultivation, manufacture and marketing of jute and jute products and for matters connected therewith and incidental thereto.

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*(Shri Shankersinh Vaghela, Minister of Textiles)*

**LOK SABHA**

**CORRIGENDA**

to

**THE NATIONAL JUTE BOARD BILL, 2006**

**[To be/As introduced in Lok Sabha]**

1. Page 11, line 5 from the bottom,-  
for "Council"  
read "Centre"
2. Page 12, line 1,-  
for "have not"  
read "have not been"
3. Page 16, line 7,-  
for "Manufacturers"  
read "Manufactures"
4. Page 16, line 8,-  
for "Manufacturers"  
read "Manufactures"
5. Page 16, line 11,-  
for "Manufacturers"  
read "Manufactures"

**NEW DELHI;**

**May 19, 2006**

**Vaisakha 29, 1928 (Saka)**

