

Standing Committee Report Summary

Development and Promotion of Jute Industry

- The Standing Committee on Labour, Textiles and Skill Development (Chair: Mr. Bhartruhari Mahtab) presented its report on 'Development and Promotion of Jute Industry' on February 7, 2024. Key observations and recommendations of the Committee include:
- **Number of jute mills:** There are 108 jute mills, of which 99 are privately owned. In the past three years, five jute mills shut down while five new ones were set up. In addition, jute mills are facing difficulties in management, labour and their finances. The Committee recommended that the government work on a comprehensive policy to revive closed mills or to set up new government mills. It also suggested that the Ministry of Textiles devise a suitable scheme to address the shortage of skilled workers.
- **Decline in area under jute cultivation:** In 2021-22, total area under jute cultivation was 6.7 lakh hectare, a decline of 20% in comparison to 2013-14 (8.4 lakh hectare). The Committee observed that alternate higher remunerative options such as real estate have led to such decline. The Ministry noted that four new states have been included under the Jute ICARE scheme to increase the area under cultivation. The Committee suggested that the Ministry strengthen its measures and take innovative steps to increase the cultivation area.
- **Progress of ICARE Scheme:** The National Jute Board is implementing the jute ICARE scheme since 2015-16 to improve the quality and productivity of jute cultivation. The Board has set a target of covering 290 jute growing blocks, 2.7 lakh hectares of land, and 5.8 lakh farmers between 2021-22 and 2025-26. The Committee noted that progress in respect of land and farmers is slow. About 50% land and 45% farmers need to be covered in the next two years. The Ministry assured the Committee that the targets will be met by 2025-26.
- **Modernisation of jute mills:** The government provides an incentive worth 30% of the machinery cost to modernise and upgrade existing jute mills. In the first two years of the scheme (2021-22 and 2022-23), investment of Rs 2.4 crore has been realised, against a cumulative target of Rs 100 crore. The Committee recommended that the Ministry identify new measures to ensure large investments in modernising jute mills.
- **Skilling:** Skilling of registered farmers is an important component of the ICARE scheme. Up until the 9th phase of the scheme, only 10% of jute farmers have been registered. Under the jute diversification programme, new artisans, rural youth, and women self-help groups are trained in design development to ensure sustained employment. The Committee noted that the current progress is well behind the target set for five years, i.e., until 2025-26. So far, 41 training centres (27% of five-year target) have been set up and only 7% of the targeted beneficiaries have been trained.
- **Production linked incentive (PLI):** Under the jute PLI scheme, jute diversified product manufacturing units are to be provided an incentive worth 3% of export value or 5% raw material cost, whichever is lower. The scheme will be implemented during 2021-22 and 2025-26. The Committee noted that from 2021-22 to 2023-24 (up to October 2023), only 19% beneficiaries have been targeted. In the remaining period up to 2025-26, the rest of the beneficiaries need to be covered. It noted that achieving this target would be difficult, and suggested that the Ministry take early steps to achieve it.
- **Retting works:** Under the ICARE scheme, retting work (extracting fibres) includes construction and maintenance work. So far, only 194 retting tanks have been constructed, against 6,771 proposals received from farmers. The Committee highlighted that there is inadequate awareness about the maintenance aspect of the scheme, and suggested that all concerned authorities intensify their efforts to cover more beneficiaries.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.