

NATIONAL JUTE POLICY 2005

**Ministry of Textiles
Government of India**

2005

PREAMBLE

The National Common Minimum Programme (NCMP) of the Government, recognizing the importance of jute to farmers and workers, and to the economy of jute growing states, and its special ecological importance world-wide, resolved that “the jute industry will receive a fresh impetus in all respects”.

One of the six basic principles for governance for the NCMP is “ to enhance the welfare and well-being of farmers, farm labour and workers, particularly those in the unorganized sector and assure a secure future for their families in every respect”. Government recognizes the significance of jute in India’s economy, providing sustenance to more than 40 lakh people including jute farmers, workmen, labourers and self employed artisans and weavers, especially in the Eastern and North-eastern parts of the country, where it is the main stay of agro based industries. World over, it has been recognized that jute and allied fibres occupy a unique position as eco-friendly, bio-degradable renewable natural fibres with substantial value addition at each stage of processing. Government also recognizes the fact that this important sector of the economy has not been given its due importance in the recent past.

In view of this commitment, and

Taking note of the new challenges and opportunities presented by the changing global environment of integration in the development of natural fibres;

Acknowledging the growing demand for diversified and innovative jute products in the world market;

Appreciating the strengths and weaknesses of our own jute sector as well as those of our major competitors in the field; and

Deciding to redefine the goals and objectives, focus on thrust areas and sharpen strategy in tune with the times, the National Jute Policy – 2005 is enunciated as follows:

VISION

Endowed as the Indian Jute Sector is with multifaceted advantages, it shall be the policy of the Government to develop a strong and vibrant sector that can:

- Ensure remunerative prices to the jute farmers in the country;
- Produce good quality fibre and products to meet the growing needs of the country and international buyers;
- Increasingly contribute to the provision of sustainable employment and the economic growth of the nation; and
- Compete with confidence for an increasing share of the global market.

OBJECTIVES

The objectives of the policy are to :

Enable millions of jute farmers to produce better quality jute fibre for value added diversified jute products and enable them to enhance per hectare yield of raw jute substantially;

Facilitate the Jute Sector to attain and sustain a pre-eminent global standing in the manufacture and export of jute products;

Enable the jute industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and, for this purpose, to encourage Foreign Direct Investment, as well as research and development in the sector;

Sustain and strengthen the traditional knowledge, skills, and capabilities of our weavers and craftspeople engaged in the manufacture of traditional as well as innovative jute products;

Expand productive employment by enabling the growth of the industry;

Make Information Technology (IT), an integral part of the entire value chain of jute and the production of jute goods, and thereby facilitate the industry to achieve international standards in terms of quality, design, and marketing;

Increase the quantity of exports of jute and jute products by achieving a CAGR of 15% per annum;

Involve and ensure the active co-operation and partnership of State Governments, Financial Institutions, Entrepreneurs, and Farmers' Organisations in the fulfillment of these objectives.

THRUST AREAS

In furtherance of the above objectives, the strategic thrust will be for a new Commodity Development Strategy incorporating the following:

- Position jute and allied fibres as superior and environmental friendly materials vis-à-vis synthetics;

- Check the erosion of the market for traditional fibre products and encourage diversification by timely regulatory and promotional interventions .
- Enhance the productivity/yield of raw jute through basic, strategic and adaptive research and improve on-farm practices.
- Modernise the jute industry to improve efficiency in production and processing, to reduce cost and enhance product quality;
- Address the issues pertaining to the welfare of the large number of workers engaged in the jute industry, which is primarily labour intensive, and to improve their working environment and moluments of the workers conducive to a reasonable quality of life.
- Increase exports through innovative marketing strategies and improvement of product design and quality consciousness in the jute industry;
- Strengthen efforts to minimize any environmental degradation which may result from the production of these fibres.

SECTORAL INITIATIVES

A. Agriculture

Initiatives in the agriculture sector will embrace a basic, strategic and adaptive research on jute within a time frame to ensure qualitative and quantitative improvement of the crop. The existing gene pool of jute and mesta will be strengthened, and new breeding techniques will be explored.

Technology transfer will be encouraged through industry-agriculture linkages and the present extension system will be reorganised and restructured to make it more target oriented.

The organized Seed Production System will have effective linkages with all concerned Departments to ensure production and availability of quality seeds.

Under the Jute Technology Mission, new market yards will be set up wherever necessary and post harvest practices and machinery will be modernised through interface with manufacturing firms.

Infrastructural facilities will be provided for procurement and farmer information centres will also be an integral part of the services to be rendered to farmers. The grading system will be restructured to make it more objective. Efforts will be made to motivate and provide incentives to farmers to produce better quality jute.

B. Modernisation of the Jute Industry

The jute industry in India is beset with many problems, including competition from the synthetic sector, high labour cost, obsolescence of machinery and uneconomic working. These factors have led to large scale sickness in the industry.

The approach for the jute sector will be directed towards reviving the jute economy through supportive measures covering research and development; technology upgradation; the creation of infrastructure for storage and marketing of raw jute; and product and market development activities for jute and diversified jute products.

The Government will ensure a reasonable market for jute products by continuing the ongoing policy of reserving foodgrains and sugar to be packed in packaging material made from jute. The quantum of reservation will be as approved by the Government from time to time.

In order to achieve this, a concerted Programme for the Modernisation and Technological Upgradation of the Manufacturing Sector will be taken up. This will include

- (i) reorientation of manufacture of jute goods as per current international requirements while addressing the issues of quality and cost competitiveness;
- (ii) to energise the jute yarn and twine making sector in view of the rise in demand for Jute Diversified Products;
- (iii) adopting environmental friendly manufacturing processes in the jute sector; and
- (iv) augmenting the research and development efforts to commercialise jute technical textiles including geo-textiles. The existing schemes like the Textile Upgradation Fund Scheme (TUFS) and the JMDC Incentive Scheme for Modernisation of the Jute Industry will be strengthened.

C. Public Sector Enterprises

Efforts will be made to restructure and revitalize the existing Public Sector Undertakings in the Jute Sector, namely the Jute Corporation of India and the National Jute Manufactures Corporation. Procurement of raw jute by the Jute Corporation of India will continue and the Government will continue to compensate the Jute Corporation of India for procurement of jute under the Minimum Support Price (MSP scheme). The Government has already initiated steps to revive the Khardah and Kinnison units of the National Jute Manufactures Corporation Ltd.

D. Marketing

The objectives of the effort for marketing will be

(i) to improve the ratio of domestic consumption to exports from the existing 82%:18% to 65%:35% in the next ten years,

(ii) to encourage the establishment of professional marketing wings in the organized jute sector, and

(iii) to identify tariff and non-tariff barriers against the export of jute and jute products from India, and develop appropriate strategies to remove such barriers.

Domestic Marketing:

Considering the immense potential of jute products in the domestic market, focused attention will be given to untapped sectors. The thrust will be on adopting suitable market promotion programmes for increasing consumer awareness, and highlighting the environmental advantages of jute by working closely with environment groups.

International Marketing

With the objective of increasing exports to Rs.5000 crore by 2010 from the present level of Rs.1000 crores:

- A multi-disciplinary institutional mechanism will be established to formulate policy measures and specific action plans, including those relating to the WTO and for closely monitoring financing proposals;
- Strategic alliances will be forged with an aim to gain access to technology;
- A brand equity fund, exclusively for jute and jute products will be set up. This will be consistent with WTO norms;
- The proposed Jute Board will incorporate an Export Promotion Council which will play the role of facilitator and professional consultant for dealing with disputes under various agreements of the WTO, establishing warehousing facilities in major jute and jute product importing countries, and identifying the existing patent issues with a view to patenting Indian R&D efforts.

E. Research and Development

For the successful development of next-generation Jute Machinery to reduce the cost of production and / or quality improvement, the following measures have to be put in place in a time span of five years:

a) To complete comprehensive Benchmarking (through Technology Audit) to assess the present technological status of the jute industry.

b) To formulate a 5 year Plan for machinery development, for both the organized and decentralized sectors (and also for the cottage industry).

c) To establish a separate R & D set-up in the area of a Public–Private Partnership in consultation with the appropriate Ministries of the Government of India. IJIRA, the only Textile Research Association related to jute under the Ministry of Textiles, will be revamped to give a market and industry driven focus to its Research and Development efforts.

F. Diversified and Composite Jute Products and Jute Handicrafts

- There is an expansion of the market for jute composite products and geo-textiles in both the domestic and International sectors. Continued and focused attention will be given to handicrafts, which will include the upgradation of skills, the creation of a better work environment, design and technology intervention, and the development of clusters for specific crafts with common service facilities, and the overall improvement of infrastructure, and market development.
- A full-fledged Design and Development Centre, and dedicated retail outlets in public-private initiative mode for diversified jute products in all the towns and cities with a population of more than 5 lakhs will be established.

G. Institutional Restructuring and establishment of a Jute Board

To rectify the systemic ills of lack of coordination among the several jute related organizations under different Ministries and Departments of the Government, and to synchronise and synergise the integrated development of the jute sector as a whole, the proposal to set up a National Jute Board will be implemented. This is necessary to synthesize the various layers of Governmental decision-making in a federal set up. This body will subsume, merge, and integrate the functions of various institutions currently operating in the jute sector. The mandate of the proposed Jute Board will be as follows:

- i) To restructure the present regulatory framework so as to provide adequate incentive to all stakeholders in the jute sector to produce goods and services in an efficient manner so as to maximize socio-economic benefits.
- ii) To subsume and revamp the Office of the Jute Commissioner and transform it from an office of regulation to a facilitator of development in the jute sector.
- iii) To establish a Jute R&D fund and Venture capital assistance fund for the development of efficient jute manufacturing machinery, and the commercialization of new products;
- iv) To strengthen and facilitate the growth of HRD institutions like the Institute of Jute Technology (IJT) on innovative lines.
- v) To review and revitalise the working of the R& D institutions like the Indian Jute Industries Research Association (IJIRA) to focus research on industry needs.
- vi) To subsume, merge and professionalise field organisations like Jute Manufacture Development Council (JMDC) and the National Centre for Jute Diversification (NCJD) under the Ministry of Textiles to enable them to play their assigned role of facilitators of change and growth effectively.
- vii) To explore the possibility of establishing a National Institute of Natural Fibres with the objective of harmonizing developmental and promotional activities

pertaining to all natural fibres and to have a better sharing of experience and knowledge in related fibres

viii) To establish a National Jute and Jute Textile Museum in India to preserve and highlight the heritage of jute.

Subsidiary institutions functioning under the aegis of the Ministry of Agriculture under Department of Agricultural Research and Education (DARE/ICAR) like the National Institute for Research on Jute and Allied Fibre Technology (NIRJAFT), and the Central Research Institute for Jute and Allied Fibres (CRIJAF) will be integrated with the Jute Board in a meaningful relationship, as also the functions and issues presently being administered by the Ministry of Agriculture.

H. Jute Technology Mission

A Jute Technology Mission, which has been approved in principle by the Planning Commission, will be operationalised with the appropriate sub-structure of mini-missions. The objective is to consolidate the gains from past efforts in the jute sector, and help it to emerge as an intrinsically competitive and integrated entity. The Jute Technology Mission will encompass the sub-systems pertaining to agricultural research and seed development, agronomic practices, harvest and post harvest techniques, the primary and secondary processing of raw jute, diversified product development, market development, and marketing and distribution.

I. Human Resource Development and Labour Welfare

With the rise of inescapable competition facing the Indian jute sector, both in the international and domestic markets, it will be the endeavour of the Government to facilitate upgrading the skills of both workers, and supervisors and managerial staff who are employed in the jute industry. The Government will support programmes of organisations and institutions engaged in HRD that address the professional manpower needs of the industry, as well as at the cutting edge level of workers and shop-floor supervisors. Institutions will be encouraged to network and pool their resources and co-operate amongst themselves. IT will become an integral part of the HRD effort recognizing its vital role in a progressively IT driven global economic environment.

In recognition of the pioneering role of IJT, this institution will be assisted to grow and progress as an autonomous institution on innovative lines. It will be developed as an International Centre for Education in Natural fibres.

The Government will ensure that statutory dues of the workers engaged in jute mills are paid in time. The working conditions and emoluments of workers should improve so that the quality of life of such workers is enhanced. The Government will ensure that there is no exploitation of labour.

J. Delivery Mechanisms for Implementation of the Policy

The organisations working under the Ministry of Textiles will be reoriented, right sized, and restructured, to act as facilitators instead of regulatory bodies, with the mandate and role of each being reviewed and redefined over the next two years. Simultaneously, regulations and controls will be reviewed and progressively reduced. Some of the specific changes will be the establishment of the Jute Board, structured to serve the developmental needs of the industry and restructuring of the operational arms in charge of exports and diversification to enable them to devise dynamic strategies for the export markets.

In conclusion, the Government is committed to providing a conducive environment to enable the Indian jute and jute textile sector to realize its full potential, to achieve global excellence, and to fulfill its obligations to the different sections of society. In the fulfillment of these objectives, the Government will enlist the co-operation and involvement of all stakeholders and ensure an effective and responsive delivery system.
