

CHAPTER I

INTRODUCTORY

Under the Government of India, Ministry of Commerce & Industry Notification No. 2(4)-Jute/53, dated the 8th August, 1953, the Jute Enquiry Commission was appointed. Their terms required them—

The terms of reference and the scope of the enquiry.

- (a) to examine and inquire into the operations of the tiers in the jute industry and trade from the grower of raw jute to the seller of jute goods;
- (b) to examine and inquire into the factors which determine the return to the grower of raw jute for his product and the part played in it by the cost and the adequacy or otherwise of transport, the lack of contact between the grower of raw jute and its consumer, the absence of market information to the growers of raw jute and all matters relating thereto;
- (c) to examine and inquire into the nature and the content of speculations both in raw jute trade and the jute goods trade, the extent to which market prices are affected by the operation of mill owners, jute dealers and the speculative operators in the market and to consider in relation to the circumstances which rendered the closing of the Fatka market in Calcutta in December, 1952, the malpractices indulged in by the various units that operated in the Fatka market resulting in undue depression of prices of raw jute as well as jute goods;
- (d) and after such examination, inquiry and consideration, to make recommendations to the Central Government on the measures necessary—
 - (i) to secure for the grower as well as the industry a fair price for raw jute and jute goods,
 - (ii) to put down the malpractices engaged in by certain sectors of the jute industry in order to rig up or depress prices for their own ends, and

- (iii) to ensure that the jute export trade is not affected by frequent manipulation of the market by interested persons.

The Ministry of Commerce & Industry further desired that the working time agreement of the mills be gone into by the Commission. They also sought the Commission's views on the Assam Government's proposal for the starting of a jute mill in the State.

The personnel of the Commission consisted of—

- (i) Shri K. R. P. Aiyangar, Joint Secretary to the Government of India, Ministry of Finance, *Chairman*.
- (ii) Shri P. S. Gupta, Deputy Director-General of Supplies, *Member*.
- (iii) Shri D. Sandilya, Joint Director, Finance, Railway Board, *Member*.

By a subsequent Notification No. 2(4)-Jute/53 dated the 30th December, 1953, Dr. B. V. Narayanaswamy Naidu, Chairman of the Forward Markets Commission, was also appointed as *Member*.

All these officers have functioned on this Commission in addition to their other duties.

Method of enquiry.

Shortly after the announcement of the appointment of the Commission, a Press Note was issued inviting corporate bodies, Associations or individuals connected with or interested in raw jute production, the jute industry and the gunny trade to communicate to the Commission any facts or views relevant to the terms of enquiry. It was also announced that the Commission would be issuing a questionnaire which would be sent to all those who were interested in the subject and would like to reply to it or give evidence before them. The first regular meeting of the Commission was held on the 17th August, 1953 and thereafter periodical meetings were held till 26th August, 1953 and the main lines on which the enquiry was to be conducted were discussed and agreed upon.

A detailed questionnaire (Appendix I) was prepared. It was divided into three parts, Part A relating to raw jute, Part B covering jute goods and Part C Marketing and Miscellaneous. Questions intended to be answered by State Governments and quasi-Government bodies and those

intended for the special attention of mills and their managing agents were indicated prominently. Copies of the questionnaire were circulated by the end of August, 1953, to State Governments concerned, the Indian Jute Mills Association, the Federation of Indian Chambers of Commerce & Industry, the Associated Chambers of Commerce, various recognised Chambers of Commerce and Broker's Associations, and Associations connected with the marketing of jute and jute goods, to a few public men and some Members of Parliament. Copies were made available to the public and the Press also.

Seventy-six replies were received in all including State Governments, the Indian Central Jute Committee, Chambers of Commerce, Jute dealers, Brokers and Balers Associations, Individuals, Indian Jute Mills Association, Jute mills and Jute Fabric Shippers Associations. Appendix II gives a full classified list of those from whom replies have been received. Appendix III gives a list of the growers and dealers. Associations and individuals with whom the Commission held discussions and the institutions they visited.

The Commission visited West Bengal in September, 1953, Uttar Pradesh in October, 1953, Orissa and Andhra in November 1953, and Assam and Bihar in December 1953. During their tours they held discussions with State officials and among others with growers and Associations and visited primary markets.

In February 1954, the Commission held a session at Calcutta and met the I.J.M.A. representatives and Members of other trade Associations including the Calcutta Jute Fabric Shippers Association, The Indian Jute Fabric Shippers Association and the Gunny Trades Association and certain prominent industrialists and businessmen. Both at Delhi and at Calcutta the Commission also interviewed certain parties with particular reference to item (c) of the terms of reference.

The Commission decided to keep their procedure flexible so that there was no bar to any person interested giving evidence before them. Their engagements and tours were mentioned in the Press so as to enable any one wishing to meet them to do so. In view of the fact that a good deal of the evidence had to be collected in the course of their tours and recorded in the shortest possible time, the Commission decided that the procedure of reducing the evi-

dence to a verbatim record was unnecessary. Proceedings of the meetings of the Commission, their tour notes and a summary of the evidence placed before them have been prepared as a contemporary record and this has been submitted to Government along with a complete set of the written replies to questionnaire received.

**Plan of
the report.**

Our report is in three broad sections roughly corresponding to the demarcation in our questionnaire. In the first, we deal with all matters relating to the production and prices of raw jute and the problems connected with its marketing. In the second part, we cover the problem connected with the manufacture of jute goods, the system of mills' purchase of the raw material, their methods of production and their system of sales and costing. The interaction of problems of jute growing and those of the market for jute goods has been surveyed and the possibilities of price stabilisation assessed. In the third part, the problems of marketing have been studied in the light of the necessity for the functioning of a futures market. In particular, as this has been indicated as a specific term of reference, the nature and content of speculation in the raw jute trade and the jute goods trade have been examined in relation to the circumstances which led to the closing of the *Fatka* market in December 1952. In this part we have also considered the question as to what extent speculation and malpractices can be checked so that the gunny export trade is not affected by frequent market manipulations.

The two additional points which Government desired us to examine, namely (a) the working time agreement of the mills, and (b) the setting up of a jute mill in Assam, have been dealt with. The former has been considered particularly as relevant in the context of rationalisation as a necessity for the future of the jute industry (*vide* Part II), and the latter in the context of the demand for the setting up of regional mills as a measure of ensuring fair prices for jute growers.
