



**Government of India
Ministry of Textiles**

OFFICE OF THE JUTE COMMISSIONER

CGO Complex, 3rd MSO Building, E & F Wings, DF BLOCK,
4th Floor, Sector-I, Salt Lake City, Kolkata – 700064

No. Jute (Mktg)/42/2017

Date: 09 -01-2024

Subject: Inclusion of MSP Adjustment in the B-Twill Allocation Policy with effect from 1st February 2024 – inviting comments reg.

To ensure the welfare of jute farmers, Government of India declares Minimum Support Price (MSP) for jute every crop year. Government of India has declared the Jute Corporation of India (JCI) as the Nodal Agency to undertake the Minimum Support Price (MSP) operations for Raw Jute.

2. In order to ensure that the raw jute procured under MSP operations by JCI is lifted, as per the terms of clause 7(J) of Production Control cum Supply Order (PCSO), jute mills are directed under clause 5(1) of the Jute and Jute Textiles Control Order, 2016 that against the given production quota order for B. Twill to the mills, they shall compulsorily purchase raw jute from the Jute Corporation of India, Kolkata in the ratio as specified in the PCSO on the terms and conditions to be specified by the Corporation in their sale contracts, subject to the conditions that all formalities for purchase including signing of contracts and payment arrangement shall be completed by the unit within the dates to be specified by the Corporation positively and a compliance report to that effect sent to the Jute Commissioner Office immediately thereafter without fail.

3. However, it has been seen that some mills have till now failed to comply with the raw jute linkage in terms of above-mentioned clause. This has resulted in a situation where Jute Corporation of India has communicated periodically that the MSP operations are likely to be adversely affected due to non-lifting of the raw jute resulting in negative implications for farmers' welfare. The mills which have defaulted in lifting the raw jute from the JCI are not penalized in the current allocation mechanism. Moreover, the mills which make the timely payments to JCI are not incentivized. This has resulted in the situation whereby the quantity of jute under default is increasing.

4. Therefore, in order to incentivize the mills to make timely payment to the Jute Corporation of India for raw jute as per the terms and conditions of the PCSO and to ensure the objective of farmers' welfare is ensured, an MSP Adjustment in the allocation of B-Twill quota to the mill is proposed. This adjustment shall be done in the following manner:

- i) The allocation due to each mill (in number of bales) shall first be calculated in accordance with the monthly allocation percentage defined as per the policy in force after considering penalty for defaults in supply.
- ii) The mills which have any pending defaults pertaining to CY 2022-23 against JCI contracts shall not be eligible for any order until they clear all the dues pertaining to CY 2022-23.

iii) For the CY 2023-24, the default rate shall be calculated for each mill in the following manner:

$$\text{Default rate} = (C - P) / C$$

C = For Crop Year 2023-24, the Cumulative Quantity of raw jute which was required to be lifted as per the terms of PCSOs issued upto 2 months prior to the month for which allocation is being made

P = For Crop Year 2023-24 the Cumulative Quantity for which payment has been received by JCI upto last working day of previous month (for the contracts covered by C above)

iv) As an example, for allocation in month of February 2024,

C = For Crop Year 2023-24, the Cumulative Quantity of raw jute which was required to be lifted as per the terms of PCSOs issued upto 31st December 2023

P = For Crop Year 2023-24 the Cumulative Quantity of raw jute for which payment has been received by JCI upto 31.01.2024 (for the contracts of CY 2023-24 issued against PCSOs given upto 31st December 2023).

v) The Final Allocation after MSP adjustment is therefore calculated as:

$$\text{Final Allocation} = \text{Allocation due to the mill} * (1 - \text{default rate})$$

vi) The allocation deducted from the defaulting mills shall thereafter be allocated amongst the mills for which default rate is zero in proportion of their allocation percentage.

Your comments on the proposal, if any should reach this office by 22.01.2024.

Yours faithfully,


09/01/2024
(Moloy Chandan Chakraborty)
Jute Commissioner