

## **Jute Raw Material Bank Scheme (JRMB)**

### **Justification for the Scheme**

Jute is a natural and eco-friendly vegetable bast fibre extracted from plants whose stems are used as renewable energy resource and for other diversified uses. The products of Jute fibres are reusable, sustainable and bio-degradable and with environmental protection becoming a non-negotiable issue, jute is fast becoming a preferred fibre across the world.

The Jute Industry is one of the oldest industries in India. It supports nearly 40 lakh farm families, provides direct employment to about 3.7 lakh industrial workers working in the jute mills, the tertiary sector & allied activities and also direct employment to about 2.00 lakhs persons in the decentralized JDP sector. The production process in the jute industry' comprises a wide range of activities from cultivation of raw jute, processing of jute fibres, spinning, weaving, bleaching, dyeing, finishing and to the marketing of jute products. The value of Jute goods production is worth Rs. 10,000crore annually with export earnings of nearly Rs.2,000crore. The jute industry is labour intensive, thus requires a large number of employment in the value chain.

National Jute Board (NJB) plays an important role in the development and promotion of jute & jute products, processes, marketing and commercialisation of technologies for the manufacture of all jute products including jute-diversified and jute technical textiles products and creating awareness of the use of this natural fibre in non-conventional applications. It is contemplated that spread of jute diversification activities through the decentralised sector would also assist in the socio-economic development of the country. Also, the growth of jute diversification would open newer market for the growers who in due course would be better placed to fetch remunerative price for their yield.

Jute Raw Material Banks (JRMB) Scheme aims at setting up Jute Raw Material Banks at distant locations around the country through collaboration with bona fide bodies to carry out various activities, with and on behalf of NJB, for uninterrupted supply of jute raw material for promotion of Jute and its diverse applications in various fields particularly in the areas where JIDS of NJB will be operational. These agencies will also act as a facilitator for rendering the backward and forward linkages to the existing and potential entrepreneurs. Through this scheme NJB will be serving the various clusters that have been identified in respective regions under other schemes. Market facilitation to the Jute Diversified Products (JDP) units, WSHGs, NGOs, and other such agencies will also be one of the areas of focused activities of the Board. The JRMBs will thus help creating and sustaining the production units thereby generating employment to thousands of people in the rural areas through providing uninterrupted supply of jute raw materials at reasonable prices to the Self Help Groups, particularly Women Self Help Groups (WHSGs); Jute Diversified Products (JDP) units, and other such agencies. This Scheme will be complementary scheme to the other skill and developmental schemes where number of peoples will be getting trainings. Besides, about 2400 JDP units which have been developed under various developmental programs of the NJB are manufacturing JDP which also need jute raw material supplies uninterruptedly at the location of their unit at reasonable prices. Therefore, establishment and running of the envisaged JRMBs becomes more meaningful and justified.

### **Objective of the JRMB Scheme:**

The following objectives are envisaged for the above Schemes:

- To assist more and more number of production units for use of jute as raw material in order to expand the production base for the diversified jute products.
- To assist by providing jute raw materials at their locations to the number of existing skilled workforce as well as the new artisans/entrepreneurs/WSHGs for production of jute diversified products in the decentralized sector.
- To help create employment for the rural masses in the newly established JDP production units.
- To increase demand for consumption of raw jute for producing JDPs, thereby ensuring continuous market for the produce of jute farmers.
- To build up supply chains for certain and smooth supply of jute raw materials to the production units
- Establishment of trade channels for promotion of JDP.

### **Activities to be Undertaken by the JRMB:**

- To survey and identify the existing as well as the potential clusters, where JDPs activities can be undertaken for production of JDPs through WSHGs/Artisans/Entrepreneurs etc. on sustainable basis.
- To create awareness among the targeted beneficiaries about the JDPs, their applications and utilities.
- To assess the requirements of jute materials by the WSHGs/Artisans/Entrepreneurs etc. for manufacturing JDPs as per the market trend and to supply the same as per their requirements.
- To undertake regular updating of jute production units such as WSHGs, artisans, entrepreneurs in their respective areas and maintain a data base for the same and forward the same to NJB on monthly basis.
- To tie up and pursue with Central (Main) JRMB of NJB, if necessary, i.e. IJIRA, BJEL, TRAs etc. for the availability and replenishment of raw materials as and when required.
- Set-up E-marketing modes with internet connection for showing availability of raw materials and accessories online through inventory racking system or software similar to Tally.
- Having system of mobile bill generation.
- The JRMBs will sell all materials to their customers at their Cost Price i.e.; the price at which the materials are bought by JRMBs plus the cost of transportation of the materials.
- The details of raw materials, accessories, fabrics, other items etc. available in the JRMBs must be uploaded on website/portal of the respective JRMBs and must be updated from time to time.

### **Schedule of the programme:**

This scheme will be implementation by the NJB on annual basis under its Annual Action Plan to be approved by the NJB Board. It is proposed that initially about 20 JRMB will be put into operation w.e.f. FY 2015-16 and will be continued in the coming financial years. These Bank/Depots wall cater to the jute raw materials requirement of the existing entrepreneurs/WSHG/Units/agencies etc.

It is estimated under the different developmental Schemes of NJB that by the end of the 6<sup>th</sup> years period i.e. 2020-21, 100 clusters will have taken shape. This will directly and indirectly benefit at least 160 individual per cluster. It is estimated that during this implementation period, the total involvement of individuals mostly women (WSHG), who will be gainfully engaged in employment in the jute diversification, will be to the tune of at least 15,000. The JRMB will play a catalytic role ensuring smooth supply of jute raw material at reasonable prices at the locality of the entrepreneurs/WSHG/units.

### **Performance Guidelines - Physical and Financial Targets for Operating Agency of JRMB:**

#### 1. Target and Incentives:

<b>Year</b>	<b>Minimum Sales to be achieved by JRMB per annum. (Rs.)</b>	<b>Incentives to be received by JRMB if minimum sales are achieved per annum. (Rs.) [A]</b>	<b>Operational cost to be received by JRMB if minimum sales are achieved per annum. (Rs.) [B]</b>	<b>Total amount receivable by JRMB per annum [C]</b>
1 <sup>st</sup>	Rs. 6.40 lakhs / annum.	@ 15% of total Sales achieved subject to maximum of Rs. 11.52 lakhs / annum.	@ 15% of total Sales achieved per annum subject to maximum of Rs. 3,60,000 per annum (whichever is less).	A + B
2 <sup>nd</sup>	Rs. 6.40 lakhs / annum.	@ 15% of total Sales achieved subject to maximum of Rs. 11.52 lakhs / annum.	@ 15% of total Sales achieved per annum subject to maximum of Rs. 3,60,000 per annum (whichever is less).	A + B
3 <sup>rd</sup>	Rs. 6.40 lakhs / annum.	@ 12% of total Sales achieved subject to maximum of Rs. 9.216 lakhs / annum.	@ 15% of total Sales achieved per annum subject to maximum of Rs. 3,60,000 per annum (whichever is less).	A + B
4 <sup>th</sup>	Rs. 6.40 lakhs / annum.	@ 10% of total Sales achieved subject to maximum of Rs. 7.80 lakhs / annum.	@ 15% of total Sales achieved per annum subject to maximum of Rs. 3,60,000 per annum (whichever is less).	A + B

2. For being eligible to run a JRMB, minimum sale worth Rs. 6.40 Lakhs per annum has to be generated. No JRMB will be considered for continuation below this threshold limit.
3. JRMB will not sell Jute Raw Materials over 15% of its total annual turnover to a Single unit/ WSHG/ Entrepreneur for the purpose of availing the scheme's incentive. However, it can sell beyond this limit without NJB support/incentive.
4. The sale value of the raw jute fibre by the agencies should not be more than 20% of the total sales.
5. The sale value of the accessories by the agencies should not be more than 25% of the total sales.
6. The agencies should fix the price of the raw jute on the basis of the market rate determined by JCI.
7. All Jute fabrics should be bought by the agencies from Jute Mills against proper Invoice GST/VAT/Sales Tin no. or from the Central (Main) JRMB to be selected by NJB.
8. For the purpose of Jute and Jute Blended yarn/fabric/products etc., the standard definition for such products adopted by NJB will only be considered.
9. The OAs shall procure the materials from the Central (Main) JRMBs / enlisted vendors/manufacturers of repute at their declared price and sell the products to the production units only by adding the transportation costs. NJB will bear the operational costs of the JRMBs, at the rates prescribed. The sources of different raw materials could be different and efforts will be made to arrange supply to the production units at the most economic rates e.g. raw jute will be procured from farmers or agencies like JCI at minimum support price or the prevailing market price declared by JCI for that particular period, whichever is higher. Similarly, the jute mills' products like, yarn, fabrics, etc will have to be procured from the jute mills at the mill gate price rate.

**Estimated expenditure of the Scheme:**

Sl. No.	Name of the component/ Activity	No. of Units.	Total cost for this head/ component.	Explanation/justification for the Component of the Scheme
1.	Total Average cost per JRMB per year	1	Rs. 15,12,000/- Per Year	
2.	Total No. of Jute Depot targeted to be operational in each year is 10 Depots	10	RS. 15.12 lakhs X 10 Jute Depots = 151.00 lakhs  per Annum  ( 1.51 Crores)	Total estimated quantitative target for sale through these Jute Banks will be Rs. 76,800,000/-

**NOTE:-**For JRMBs in N.E.R States, other hilly areas, J&K, Uttarakhand, Himachal Pradesh, Andaman and Nicobar Islands and Lakshadweep Islands, additional transportation cost @ Rs. 1.50 per kg will be reimbursed.

The cost of the activities has been calculated based on the experience of running past schemes of the NJB. The cost has been estimated at minimum possible level taking into all possible components of related components of expenditure. Efforts will be made to keep the expenditure limited within the projected and estimated cost.

The scheme will be funded from the Non-Plan Funds of the NJB allocated to it by the Government out of the proceeds of the Jute Cess as per the provisions of the Jute Cess Act 1983. There are sufficient funds available against the Jute Cess Funds. The present annual collection of Jute Cess Funds is about 90 crores and the NJB's present expenditure on its all the approved schemes and administrative expenses are only about Rs. 40 crores per annum. The project aims at developing and promoting cost effective and commercially viable JDP units in the Jute Sector.

The Scheme will be implemented by NJB through its Operating Agencies (OAs) under the terms of the specified MOUs for the purpose. The OAs will include reputed NGOs, Social Groups, Cooperative Societies, Trusts, relevant State Govt. Organizations. Preference will be given to the agencies who will be running the training and developmental schemes.

Upon selection and awarding of the activities as per the terms of MOU signed between the OAs and the NJB, NJB will sanction the JRMB Payments of incentive and operational cost will be made on quarterly basis after scrutiny of the claims. The OAs will submit all original bills of sales party-wise (unit-wise) and corresponding records of raw material purchases from mills/sources. The OA will maintain register of JPD units/WSHGs/entrepreneurs in their respective regions and records of their purchases of jute raw material from their JRMBs.

A High Level Committee i.e. Monitoring and Approval Committee (MAC) will undertake overall monitoring of the scheme and the approving necessary OAs, activities and funds for the scheme within the provisions of the approved scheme. A sub-committee under MAC will evaluate and approve the applications received under the scheme.

**Composition of the Monitoring Committee (MAC):**

1.	The Jute Commissioner	Chairperson
2.	Secretary, National Jute Board	Convener
3.	Director (Jute), Ministry of Textiles	Member
4.	Director (Finance), Ministry of Textiles	Member
5.	Chairman, IJMA	Member
6.	Chairman, JPDEPC	Member
7.	Representative of the operating agency(s) for CFC scheme	Member
8.	Scheme Officer of NJB	Member

The chairperson may co-opt the subject matter to specialists from industry / academics as per requirement.

The MAC Committee may meet at least once in two months to examine the issue, proposals on hand etc. and take decisions for achieving the objectives, targets, intervene in the problematic areas to take prompt decisions to minimize/eliminate impending factors and suggest modification to the scheme for proper implementation. A sub-committee under MAC will look after the evaluation and approval of the applications received under the scheme.

Terms of reference of the committee:

The Committee will approve the Scheme's OAs and the activities and monitor the progress of Scheme at each stage against the set targets/' deliverables

**Composition of the Sub-committee under MAC:**

1.	Deputy Jute Commissioner	Chairman
2.	Scheme Manager of JRMB	Convener
3.	Secretary, National Jute Board	Member
4.	Chairman, IJMA or representative.	Member
5.	CGM, NABARD or representative.	Member

The chairman may co-opt the subject matter specialists from industry / academics as per requirement.

Terms of reference of the committee:

1. The sub-committee will consider the proposals and submit recommendations for selection of Operating agencies and approval of engagements to MAC.
2. The sub-committee will evaluate and monitor the activities of each sub-scheme and will recommend approval of the release of funds for the initial advances and final payments on successful completion of the activities.

As per decision taken in the 7<sup>th</sup> Sub-Committee Meeting of JRMB held on 28.06.2018 at the Conference Room of NJB, the revised guidelines are as follows ( w.e.f. Year - 2018 – 19):

Sl. No.	Existing	Justification for Change	Proposed												
1	<p>i) <u>Target &amp; incentives:</u> Claim should be settled when the Minimum Sales to be achieved by JRMB per annum is Rs. 6.40 Lakhs.</p> <p>ii) Incentives=15% on Total Sales subject to Max, Cap of Rs. 11.52Lakhs/ annum.</p> <p>iii) Operational Cost = 15% on Total Sales subject to Max, Cap of Rs. 3.60 Lakhs per annum.</p>	<p>The Annual Sales target causes disparity during calculation of claims on quarterly basis as the Operating Agency (OA) may discontinue or does not perform consistently for subsequent periods. To overcome this the annual targets are factored on quarterly basis.</p> <p>The support released to the Operating Agencies (OA) are based on two components i.e. Sales Incentive and Operational Expenditure. As both these component are derived from the same Sales figure, the resultant claim calculation becomes cumbersome. So, to simplify calculation, there is a need to merge the two components.</p>	<p>Claim to be settled if the JRMB unit achieve the Qtly. Min. Sales Target i.e. Rs. 1.60 lakhs and Monthly Min. Sales Target of Rs. 53,333/- (in case claim is for 1 – 2 months, for start/ end of the scheme period).</p> <p>Incentives &amp; Operational Cost to be merged and calculated in Quarterly basis in, which are stated below:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>%</th> <th>Qly Assistance (Max. Cap.) / Rs. In Lakhs</th> </tr> </thead> <tbody> <tr> <td>1 &amp; 2</td> <td>15 %</td> <td>3.78</td> </tr> <tr> <td>3</td> <td>12 %</td> <td>3.20</td> </tr> <tr> <td>4</td> <td>10 %</td> <td>2.82</td> </tr> </tbody> </table>	Year	%	Qly Assistance (Max. Cap.) / Rs. In Lakhs	1 & 2	15 %	3.78	3	12 %	3.20	4	10 %	2.82
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2	<p>JRMB will not sell Jute Raw Materials over 15% of its total annual turnover to a Single unit/ WSHG for the purpose of availing the scheme's incentive. However, it can sell beyond this limit without NJB support / incentive.</p>	<p>OA were selling Jute Raw materials where there was a ceiling of 15% cap to a single unit and the remaining quantity are sold to different buyers. During the Claim calculation, identifying the individual parties and calculating sales of 15% was becoming tedious exercise resulting in delay for timely settlement of claims. In order to overcome the problem, the committee felt that instead of freezing percentage, the OAs may sell to atleast 6 different buyers with a max. cap of Rs. 6 Lakhs per buyer during a quarter, for becoming eligible for quarterly claim assistance.</p>	<p>In any Quarter, minimum no. of buyers must be 6 and Maximum transaction per buyer will be limited to 6 Lakhs and to be reduced proportionately for monthly claim, during the start or end of its operation</p>												
3.	<p>The sale value of the raw jute fibre and accessories by the agencies should not be more than 20% &amp; 25% respectively of the total sales.</p>	<p>During the processing of claims, the components such as Raw jute fibre (20% of Total Sales value) and accessories (25% of Total sales value) are also calculated. It is said that proper assessment on the procurement of Raw Jute fibre and accessories could not be conducted as these are purchased from local markets without any proper invoices. In order to simplify, the committee suggested for avoiding these components.</p>	<p>Raw Jute Fibre &amp; Accessories are not to be included in the JRMB incentive calculation. However the Operating Agencies may sell these materials on their own capacity.</p>												
4	<p>OA will submit their quarterly claims along with original bills / vouchers, VAT / CST / GST Returns and certified by the OA.</p>	<p>In the past Sales Figure was arrived on basis of VAT &amp; Sales Tax. In post GST regime, incentive was calculated on GST return.</p>	<p>OA will submit their quarterly / monthly claims along with original bills / vouchers, GST Returns certified by the Chartered Accountant. GST payment to be reflected in the Bank Statement.</p>												