

please investigate into it, take it seriously and take appropriate action.

[Translation]

(Interruptions)

SHRI KALKADAS: Mr. Deputy Speaker, Sir, the other day also I had pleaded that these incidents of fire should be enquired into. I have named a suspect also.

(Interruptions)

MR. DEPUTY SPEAKER: Please do not mention any name.

(Interruptions)

[English]

SHRIMATI UMA GAJAPATHI RAJU (VISAKHAPATNAM): Mr. Deputy Speaker, Sir, I would like to draw the attention of the Government to the threatening anonymous calls and letters that the Editor of 'Nai Duniya' has received. Now, I want to say that in the Indian democracy, this is a complete violation of freedom of the Press. An FIR has been filed in this regard. I would like the Home Minister, who is always silent or not present in the House, to enquire into the matter and see that the Press is allowed to work freely and give their opinion on A or B party freely. They should give them necessary security.

13.20 hrs.

**CALLING ATTENTION TO MATTER OF
URGENT PUBLIC IMPORTANCE**

Reported Fall in prices of Virginia Flue Cured tobacco resulting in distress to tobacco growers and steps taken by Government to mitigate their sufferings

[English]

DR. BIPLAB DASGUPTA (Calcutta South): I call the attention of the Minister of

Commerce to the following matter of urgent public importance and request that he may make a statement thereon:-

"Reported fall in the prices of Virginia Flue Cured tobacco resulting in distress to the tobacco growers and the steps taken by the Government to mitigate their sufferings."

**THE MINISTER OF COMMERCE AND
TOURISM (SHRI ARUN KUMAR NEHRU)**

Sir, Virginia Flue Cured (VFC) tobacco is grown largely in Andhra Pradesh and Karnataka. To ensure reasonable prices to tobacco growers, the Tobacco Board holds open auctions at various centres. For 1989-90 crop, in Andhra Pradesh auctions commenced on 21.2.90. A quantity of 47.53 Million kgs. had been auctioned till 20.4.1990 at an average price of Rs. 15.11 per kg. as against an average price of Rs. 19.46 per kg. during the corresponding period last year. The prices at the auctions last year were initially high, but they went down subsequently and the average price for the entire season was Rs. 16.59 per kg.

The Minimum Support Price (MSP) for VFC tobacco is fixed by the Government on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP), which takes into consideration relevant factors while fixing the MSP. The MSP is fixed every year for the two major grades, namely, F-2 grade, grown on black soils, and L-2 grade, grown on Northern Light Soils. For other grades, MSP is fixed by the Tobacco Board having regard to the MSP fixed for the two major grades and the usual price differential between various grades.

According to the Tobacco Board, the prices obtained at the auctions this year are low as compared to the previous year, but they are well above the MSP levels. Further, after the USSR firmed up its orders to the Indian suppliers, prices have started picking up marginally. The Commerce Ministry is holding a meeting with the trade and the manufacturers of tobacco in a bid to secure

Government is fully committed to securing to the farmers reasonable prices for their produce. However, it must be mentioned that the demand for tobacco is going down all over the world on account of the anti-smoking campaign. The Government is, therefore, considering formulating a long term strategy for production and marketing of tobacco so that the production is not far in excess of the demand and the farmers are able to realise remunerative process for their tobacco.

DR. BIPLAB DASGUPTA: Mr. Deputy-Speaker, Sir, a few days back, when I gave this calling-attention notice, the situation was slightly different. At that time, I was told by the kisans and the farmers that in Andhra Pradesh and Karnataka, the price which was prevailing in the market was very low and, in fact, lower than the minimum support price which has been declared by the Government. They also told me that the farmers were actually withdrawing the produce from the market. They were not selling it in the market. Only one-third of the total produce had been sold in the market. There was resistance on the part of the farmers to sell it at that low price. I also heard that the State Trading Corporation was not intervening at the level at which it was necessary for the STC to do in order to protect the farmers.

Now I find the situation is slightly different. By now, the resistance of the farmers has been completely broken. The farmers have been forced to make distress sales at a very large proportion of their produce at a price lower than the Minimum Support Price. The Minister said, the price ruling in the market is well above the Minimum Support Price. But there are different prices. The price that he is talking about is the price at which probably the Tobacco Board is purchasing those things by way of auction. But the price at which the farmer is parting with the produce at the village to the agent is much lower than the Minimum Support price. I also understand that now the benefit of minimum support price will go to the agent

and it will not go to the growers. Even the export rebate which is being given by the Government is appropriated by the agents and not by the growers or farmers for whom we are interested. This is a very alarming development because a very large number of people actually cultivate tobacco, particularly in the States like Andhra Pradesh and Karnataka.

I agree with the Minister that at the international market, the demand for tobacco has gone down largely because of the campaign against smoking. That is right. And the amount purchased the Soviet Union has also gone down. That is also true. At the same time, it is one thing to say that the farmers should switch from tobacco to some other crop and it is another thing to simply base one strategy on that. It is because, India is now the third largest tobacco producing country in the world. In any case, the farmers have made certain amount of adjustment in response to the lower price level. For example, if you compare the area of land under cultivation of tobacco now, as to what it was in 1982-83, there has been one-third fall already in the land which is under tobacco. There is also limit to the switch over because when you are switching from tobacco to something else, the other crop should be, if not wholly remunerative but equally remunerative. Given the agro-climatic conditions in those areas, it is not easy to find another crop which can be a good substitute and can take the place of tobacco and the farmers cannot be easily induced to get into it.

So, while I can see the long-term problem, I also see the short-term problem. I do not see there is easy solution in simply saying that the demand is going down and the farmers should switch from tobacco to something else.

I would also remind the House that in case of jute, for example, for the last so many years, we have been told that jute has no future. But this year, there is so much of demand for jute, that the Government is being forced to make import of raw jute from

Bangladesh and the price has gone up. So, the world market price fluctuates. The situation today might change tomorrow. There might be many other ways by which it can change. I would not base my policy entirely on that. I would also like to make the point that when one is dealing with a crop like tobacco, one is in a different situation from the one who is dealing with food crop. In case of food crop, the high price for the grower might mean that the consumers who are poor might suffer to a certain extent. So, one must be careful about the food price. When we deal with the prices of commercial crops, here is a different situation. We have, on the one hand, a multitude of small farmers scattered all over the country and they are facing a small number of very powerful corporate interests with enormous bargaining strength. This small number of businessmen, traders and companies which control the market also act in collusion with one another and they can control and manipulate the price effectively. The small farmer has no choice against the corporate interests in the market unless he is fully supported by the Government. When you come to the commercial crop, this difference has to be kept in mind because in a situation where the small number of oligopolistic buyers are working in collusion, it is a completely new situation where they can manipulate the prices and they can cheat both the workers and the growers at the same time and the high level of expertise already existing should be kept in mind. I find that the policy of the Government both during the previous Government and also during the present regime, is to appeal to the corporate interest and not to look at the interest of the growers. For example, the new textile policy has been declared; for modernisation of jute and industries other various things have been done. For tobacco also, more interest is given to the problems of tobacco manufacturers. But what about the growers? In fact, when I raised this issue, I addressed it to Shri Devi Lal. I thought that Shri Devi Lal was the appropriate Minister to answer this question. We are interested in the price which the

grower is getting. I am not unhappy that the Minister of Commerce is now replying to the Calling Attention Notice but the appropriate Minister for answering this question should have been Mr. Devi Lal and not Mr. Arun Nehru. Here we are concerned with a large number of cultivators who are very poor with very low bargaining strength and who are totally helpless when facing this enormously large chain of corporate interests and for which the intervention of the Government is so important.

It is true you have mentioned in this note about the role of CACP which fixes prices. Do they fix the price properly? This question has to be raised not only in case of tobacco but also in case of other crops. I know how they fix the price. I am in touch with the Commission for many years now. The Members of the Commission themselves will tell you in confidence that it is done very arbitrarily. There is no basis. The cost estimates which are available from different parts of the country do not match. The cost estimates are very arbitrary and unscientific. A few years back, in fact, the Commission itself gave a report where they said that their own estimates of cost were very doubtful and dubious and that a Committee should be appointed to ensure that the cost estimates were properly done. So, the prices they declare are actually based on very dubious cost estimates which do not reflect the reality on the ground. I would like to make very specific points. For example, the farmer is now making a major investment. He is not the old type of farmer who is getting some cowdung and relying on rain. This kind of farmer is now cultivating the tobacco and other commercial crops. The farmer is making enormous investment in a number of inputs. All these inputs must be covered by the price which he gets. Otherwise, his farming will be of no value. I would also make the point which has been made by the Prime Minister himself that the value of labour must be covered by the price. When I say the value of labour, the wage which he could have got if he worked for somebody else, should be taken into account. Not only the simple wage but the minimum wage declared by the

Government, should be taken into account, for declaring such a price. In case of tobacco, which it is a labour intensive crop, it is very very important, that labour element is given the right emphasis so that the value of labour is reflected in the price which the cultivator gets at the end of the day.

I would also like to make a point that since agriculture is also being run almost like an industry, where people are getting credit from the bank and the market and making investment, the return from the agriculture should be at par with the return from any other economic activity. The relative return from Agriculture should be taken into account for calculating the price. The farmer should get the return which is atleast at par with the return which one normally gets by investing money in other activities as well. If they do not get this for the borrowings from the bank, the farmer should have to face serious difficulties in paying back the loan.

Regarding tobacco or cotton, for all these crops once in a few years, there would be serious drought, and there would be serious natural calamity and the production would go down. So, the price which you declare for certain commodities has to take into account the possibility that once in 3, 4 or 5 years there will be a serious difficulty facing the farmer. So, in order to make him survive, it is necessary that the price of crop should have an insurance element built into it and he can face this calamity. If the prices are too low, he would not have sufficient savings to survive such calamity.

As I said, there should be a parity with the industrial price. The terms of trade have to be taken into account. It is not a question of fixing the price of tobacco to the extent what the farmer spends in terms of inputs, but it is also a question of what the tobacco farmer is paying for buying various industrial goods which come to him in the village market. So, unless the terms of trade are taken into account, unless parity is maintained between agriculture and industry, it would be very serious, very alarming for the agriculturists to make such a major invest-

ment. They are not getting proper return out of it in these years when they suffer enormous loss, some growers commit suicide. This kind of situation should not occur.

I would also like to make a point about the bodies which are supposed to purchase the crops. It is true that the CACP declares the price, or some other organisation declares the price. Now, somebody has to purchase that crop at that particular price from the farmer. What has been our experience? It does not happen. The question is whether it is the Tobacco Board or the JCI or the Cotton Corporation, they never go to the market on time. By the time they go to the market the farmer does not have the goods in his hands. It has already gone to the agents. In the case of tobacco, there is an argument given. The argument is that you require drying barns and all that. So they sell it to the agents because they only have the drying barns and others do not have it. If that is the case then the Government should take initiative to ensure that the others also can use drying barns on collective basis, so that farmers do not completely come under the control of the agents, the intermediaries, who appropriate most of the profits, and it is not the farmer who gets anything out of it and high prices sometimes rule the market. So, these are some of the points which I would like to strongly emphasise.

Then timings should be proper. When the companies intervene in the market, they should come with sufficient money in their hands. They should not run out of money in the middle of such purchase operation. Further, there should be adequate warehousing facilities. The infrastructure has to be built so that the farmer does not have to face helpless situation *vis-a-vis* the corporate interest and *vis-a-vis* the intermediaries.

Lastly, I would make the point about the waiver of loan. In my recent speech on the Budget I also mentioned that. The point is that such loan waivers should be linked with loan holdings. That is another point. You can do it once. You cannot do it every time. If you

would do it every time, there will be no banking system, no cooperative system. If you want the agriculture to develop, if you want rural development, you can waive loans only once. If you keep on doing it, there will be no rural development. Much more effective would be to ensure a proper remunerative price to the farmers and that is not going to hurt the consumers because in this case the consumers have the industrial interests. They will not be hurt. But the remunerative price would give a lot of benefit to the cultivators and it will build up the morale of the cultivators and it would make them invest in this important sector. Therefore, for this reason the price has to be very good, remunerative enough for them to make such a cultivation attractive. There should be a provision to provide more credit to the farmers. There should be a provision for insurance facilities to the farmers. So far, these things have not been adequately provided to them. What I find is a very alarming situation so far as the tobacco growers are concerned. Whatever you do is not going to benefit the growers..(Interruptions) I would request the hon. Minister to look into this matter and work out a strategy which helps the tobacco farmers. They are not to be left in a helpless condition as we find them to day.

MR. DEPUTY-SPEAKER: You have made good points. But to see that Call Attention Motions are properly treated in the House, I would like to read this portion for the benefit of the entire House:

"There shall be no debate on such statement at the time it is made but each member in whose name the item stands in the list of business may, with the permission of the Speaker, ask a clarificatory question and the Minister shall reply at the end to all such questions."

But we have been quite indulgent. Anyhow this should be within the limits.

DR. BIPLAB DASGUPTA: I have not

repeated anything.

MR. DEPUTY-SPEAKER: You made good points. There is no doubt about it.

SHRI K. S. RAO (Machilipatnam): Mr. Deputy Speaker, Sir, it is quite unfortunate that the tobacco growers are being exploited right from the beginning.

MR. DEPUTY-SPEAKER: Mr. Rao, what I told to Mr. Dasgupta applies to you also. Please be within the limits.

SHRI K. S. RAO: It will apply after my completion..(Interruptions) I now come to the subject. Sir, right from the beginning exploitation is made by the traders and the exporters. In the beginning it was so horrible that the traders and exporters never used to pay the money in time and there were occasions when they delayed the payments running into crores of rupees for more than a couple of years. Though this was cut down by bringing the system of auction still there is a lot to be done. Every year it has become a problem, created by the collusion of the traders in this regard. The exploitations by the traders and exporters invariably are: (i) by the collusion to under-quote because there was no regulation except the minimum support price which is not at all a price. It has no rationale behind it. In the matter of fixation of price there is no rationale. The second point is this: I understand the traders will try to get the order or stall the orders from either Russia or America or from any other importing country till the end of the season so that they can purchase the tobacco from the growers at a very cheap price. They will then get orders at higher prices. While the Government is very particular in fixing the minimum export price at which this commodity can be sold, it is not particular to fix up the minimum support price to the growers in a rationale way. Everyone of us will be surprised to know while the prices in the market are very high like about Rs. 19 or Rs. 23, the minimum support price is only Rs. 14/- If the hon. Minister tries to take shelter under the pretext that the prices that are being there in the market are more than the minimum

support price, that is no reason at all, there is no satisfaction at all as far as this issue is concerned. There can be satisfaction if the minimum support price is rationale. I would quote my own experience as a Member of the Tobacco Board last year. When we found that these traders are exploiting the growers very much, we called a meeting, discussed with the traders and the exporters as also the indigenous manufacturers. When we asked them to convince us as to how they could not pay more to the growers, they did not have an answer. Ultimately when we asked them that the minimum export price they are getting is so much and beyond that also they are going to get higher price—which they derive from the minimum export price—how much they are going to pay to the growers, they said they give the growers Rs. 20.60. They themselves have come forward to admit this in the presence of the hon. Minister, the Tobacco Board Chairman and many other officials connected with the Ministry of Commerce. But when they went back, they never kept up their promise. They once again resorted to the same type of exploitation. When they agreed to pay that minimum guarantee price, in the presence to the Ministry, which was less than the minimum export price, it was found reasonable, taking into account their expenditure and everything, they exported the commodity and they did not keep their promise purely to exploit the unfortunate growers, in spite of the fact that there is regulation, there is a Government to check them. This is the scant regard or the fear they have for the Government. In spite of all these things, the Government is giving them the cash compensatory support. We are not against it. But you are paying the cash compensatory support only after the entire tobacco is sold out in the market at the exploited price. To whom should this CCP go? Should it go to the grower or to the trader who has already exploited the grower? The Government must see that once they pay cash compensatory support, they must also ensure that it is shared by the growers at least. Otherwise, if the growers were not to get the remunerative price and if they stop producing the tobacco, where will this trade be? I can understand the Government's

theory. Their theory is, if this cash compensatory support were to be there for the traders, many more traders would come forward to earn more foreign exchange. All right. All this is possible only when the grower is paid the remunerative price. It is quite known to everyone of us that this MSP should not be uttered in Parliament because there is no rationale behind it. There is no rationale visible in it when it is twice the price prevailing in the market. What is the sanctity of the MSP when it is Rs. 10? It should not have been there. In the statement given by the Minister, it is said that price is more than the MSP: It can be when the MSP is appropriate. I request the hon. Minister not to once again harp upon the minimum support price. This matter was discussed in the Tobacco Board, time and again and the Tobacco Board is quite aware of the problems of the traders, exporters and the growers. We have decided rationally in many a meeting that minimum support price has to be increased substantially. And this recommendation of the Tobacco Board has come before the Ministry. But no action has been taken so far. The Minister may take shelter under the pretext that this minimum support price has to be fixed by the Agricultural Prices Commission and not by the Commerce Ministry. But when you are the person dealing with export, when you are the person dealing with tobacco growers as well as the tobacco exporters and the individual manufacturers, you must put your weight. You must impress upon the Ministry of Agriculture or you must call a meeting of the Agricultural Prices Commission and explain to them about the cost of producing this tobacco—whether there is any rationale, whether there is any formal or the technical strength in it. But nothing has been done in this regard. I request the Minister that this aspect must not be taken into account half-heartedly, not as if it is a gift to the tobacco growers but it must be taken into account seriously. What is happening is regard to the manufactured goods in this country? In every three months you are raising the price and there is *hulla gulla* everywhere in the country. You take any commodity, the same is the situation. Is it only the poor growers who should suffer at

the hands of the Government, at the hands of the exploiters? When we can consider taking precaution to secure the interest of the industrial manufacturers, why should we not take care of the poor farmers? All right. Let an expert commission consisting of farmers and your officers go into the details of the cost of producing the tobacco and then decide about it. Then, you may say that it cannot be decided on that rationale and it must be decided on the international price because we have to export it. All right. You take both these things account—the international price of the tobacco at which we are exporting and the manufacturing cost of the tobacco growers and then arrive at a decision. There is justification in it. When we can fix the minimum export price, why should we not fix the minimum support price? Please concentrate on that. I request the hon. Minister not to be guided by any such record or statement given by the officers concerned without going into the rationale behind that. Let not my hon. colleagues be carried away that the farmers are getting more than the MSP. The MSP has no value.

The second aspect is about the recommendations of the Tobacco Board. We have seen enough of it from our own experience and not just without having any knowledge. We have visited the offices and farms and we have calculated the working cost. We have convened a conference of the growers; we have convened a conference of the indigenous manufacturers of cigarette; we have convened a conference of the exporters and local traders. Then we have come to the conclusion that this problem will be a perennial problem unless we find a long-lasting solution. The one solution which we found during our discussions is that whenever the Tobacco Board, which is mainly meant to protect the interests of the tobacco growers as also regulate the production and marketing, finds that these growers are subject to exploitation by traders, then the Tobacco Board must immediately enter into the market.

The STC was hitherto entering into the market. Now when we ask the STC today, even the hon. Minister will say that the STC had entered earlier and lost about Rs. 10 or Rs. 20 crores in one year. Will you kindly analyse the situation as to why only the STC has lost and why the traders have not lost? I will tell you the reason. The STC has no facilities of grading tobacco. The STC enters into the market and purchase the tobacco at the price the Government asks it to purchase or at the minimum guaranteed price. Then it gives the tobacco to the same traders who are exploiting the growers. What they do is, they purchase the first quality and the second quality tobacco, in the guise of grading, from the STC and replace it by Nth rate tobacco with the connivance of the officers concerned. Then this Nth grade tobacco certainly will cause loss. Because of the mistakes committed by the officers, do you want to say that growers cannot be rescued? You check those tendencies; you curb those tendencies and ensure that this is done properly. You safeguard the interests of the growers.

Even if STC were not to be depended upon, if you have feeling that if you allow the STC to enter into the market once again they will make the exchequer lose about Rs. 10 crores, then think of the Tobacco Board. The Tobacco Board has got enough officers who are experienced and knowledgeable in this regard. It has got the acquaintance and association with the tobacco growers. If the Tobacco Board were to be given a stabilising fund of Rs. 10 crores—it is to stabilise and not to lose—it can enter into the market at such eventualities and come to the rescue of the farmers.

Don't forget that the tobacco that is being manufactured or produced by the tobacco growers is giving Rs. 2000 crores to the exchequer by way of excise by the cigarette manufacturers. 50% of the tobacco produced in this country is being consumed by the indigenous manufacturers. If you bring a statutory order that these indigenous manufacturers must purchase only through the tobacco auction platforms at a minimum

guaranteed price—even if 50% is assured—the growers will get the right price. The rest of the 50% can also be safeguarded by ensuring that the export orders are secured in time.

While this goes for a permanent solution, this year as my hon. colleague has already said, the growers have lost Rs. 4.50 on an average on 47.5 million kgs. which comes to more than Rs. 20 crores. Can farmers lose about Rs. 25 crores in one season? They are going to lose very much.

You have given in your statement that the prices are a little up and now it is satisfactory. No. They are satisfactory only today because a discussion is going on in the Parliament on a Calling Attention notice. You see from the 1st of May the prices are going to fall down abnormally. Then the average price will crumble down like anything and they will suffer very badly. We cannot come to their rescue at that point of time. They will only look to you. When we are prepared to spend thousands of crores of rupees for industrialists and hundreds of crores of rupees for industrialists and hundreds of crores of rupees for the General Insurance Corporation, can we not give Rs. 20 to Rs. 30 crores to them? Can you not spare it? If you are not able to give Rs. 20 crores, at least you give a deposit of Rs. 20 crores or Rs. 10 crores to the Tobacco Board, if not STC, which may immediately enter into the market and sell them. There are occasions when the tobacco growers had to sell their wives' *mangalasutra*. We cannot understand their position from here. We can understand from there only.

As my colleague has also said, I know that you are suggesting for a change of crop. This crop is not being raised in assured water facility area. This crop is being raised only in dry land, where there is no other facility to raise any other crop. It is found by the Government and also by the scientists that this particular area is suitable for tobacco only. Otherwise tobacco could have been grown anywhere in the country. Why is it not being raised in other parts of the

country? Several atmospheric conditions and soil conditions permitted the tobacco growers to grow only in specific areas namely, Ongole, Nellore, Guntur and other parts of Andhra Pradesh. These things must be taken into account by the hon. Minister. It is not too late. You please send the STC. They need not have to purchase the entire 50 million kg. It is enough if the traders come to know that the Government is sending the STC to purchase any amount of tobacco at MG? and automatically they will give. So, there is no need for the STC to purchase the full quantity. Our experience in the last several years tell us that it will be only 10 per cent or 5 per cent of the total production or even less. So, you should not fear that by your asking the STC, to enter into the market, immediately your exchequer will lose very heavily. Please understand this aspect and make the STC or the Tobacco Board to enter into the purchases immediately.

MR. DEPUTY SPEAKER: This is too much. Please conclude.

SHRI K. S. RAO: I will make only one point.

Unfortunately, the growers have lost very heavily. I will request the hon. Minister to think in terms of providing at least three to four rupees per kg for all those unfortunate growers who have already sold their product of 47 million kg, either by getting it from the excise that you have collected two thousand crores or so—or from any other means which you feel fit. Thank you very much.

AN HON. MEMBER: Sir, can you allow me to speak?

MR. DEPUTY SPEAKER: No. It is not allowed. Now, the Minister.

SHRI ARUN KUMAR NEHRU: Sir, some very important points have been made and I would like to deal with them at some length.

India today is the fourth largest producer and the sixth largest exporter, after USA, Brazil, Turkey, Greece, and Italy. But

the fact of the matter is that the exports which had touched its peak in 1981-82, that is, by over Rs. two hundred crores. We had exported nearly 114 million kg. It had dropped substantially since then and then in the current year, the exports are worth Rs. 136 crores and the figure is closer to 52 million kg. Similar situation is there on tobacco products also. I think we have to face the reality of the situation. The first thing is that the countries which were once large importers are now growing a lot of their own tobacco, for instance take China. It was growing a thousand million kg, it is now growing two thousand five hundred million kg. A country like Soviet Russia which was buying from us, 43 thousand tonnes has now dropped their purchase to 15 thousand tonnes. Now, whichever way we look at it, the reality of the situation is that the people are smoking less. For Virginia tobacco which is going into certain sophisticated markets in the Western Europe and UK, there is a very massive campaign against smoking. I think the sooner we take the reality into account, the better it would be. If you take for instance, the position for the last five years, your domestic consumption is between 45 and 50 million kg. There is not a very large variation in it. I mean, there is no growth. We are not seeing a drop in it. The exports constitute nearly fifty per cent. From 50 million kilograms in 1985, you are down to 35 million kilograms in 1989. So, it is a declining figure. If you see the prices, which both the hon. Members have referred to, the position is extremely erratic. In 1985-86, we had an average price of Rs. 10.30. For the various grades, I am taking the average. It improved in 1986-87 to Rs. 12.50. It crashed in 1987-88 to Rs. 8.20. In 1988-89, it went up again to Rs. 16.30. Then, it was Rs. 16.60. Now in this year, it has gone down again to Rs. 15.08. The Member very correctly said that as the lower quality has come in now, the price will dip further. We reckon that for this season, it will vary between Rs. 14 to Rs. 14.50.

I think, the important point here really is

that the Government can try to do its best in this area. But at the same time, these forces of supply and demand are something which you cannot regulate all through. The production has to be regulated. If we are talking of a fair and a good price to the farmer, then we have also to ensure that we do not produce far in excess of what the requirement is. I agree with you that it is not very easy to shift an already existing cropping pattern which is there. But at the moment, there is no alternative. I mean, we have to look at the hard realities. STC can intervene. In fact, they will intervene. We have got some orders. We have been trying to get fresh orders from new customers. But it is not enough. Even if you can tide over the problem in the current year, you will not get. You will have the same problem again in the next year.

SHRI K. S. RAO: You regulate it.

SHRI ARUN KUMAR NEHRU: It is very easy to say this. But I know in practical terms, it is very very difficult. You cannot penalise the farmer if he produces more. The fact is that the Tobacco Board today is supposed to regulate but is unable to do so. Since all the Members know the position in the field, know the position with the farmer, you will agree that it is very difficult to punish the farmer for producing more. At the same time, the farmer has also got to realise the reality of the situation that the market is shrinking.

Now, we intend to have more detailed discussions with the Ministry of Agriculture and also with the State Government because it is a very serious problem on our hands. I am very very clear about it that in the future years, the production will have to come down. We will have to divert the land to other uses. We have to see that the farmer does not lose. We have to get viable alternatives for him. The assistance that we can give from the Commerce Ministry, we will certainly give.

SHRI K. S. RAO: What about sending STC now?

SHRI ARUN KUMAR NEHRU: I have

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fall in prices of*
said that they will go.

VAISAKHA 6, 1912 (SAKA)

Virginia Flue Cured Tobacco 434

SHRI K. S. RAO: Immediately?

SHRI ARUN KUMAR NEHRU: Yes.

SHRI K. S. RAO: You make an announcement...

SHRI ARUN KUMAR NEHRU: I am making the announcement now. They will intervene.

I do not want to go in great length about the auction system and the benefits of the auction system because you are well aware of it. I can repeat everything. But it will take more time.

In regard to the minimum support price also, there have been a lot of discussions. The point is, you have to have a basis somewhere. We can re-look on the whole issue. After all, this is not a static situation. The costs will keep varying. I think, we should have a mechanism whereby we can analyse the cost at a particular time because what is relevant in 1985 is not necessarily relevant in 1990. So, the hon Members had made some very valuable suggestions. We will take that into account.

On the export front, several steps have been taken to generate exports. We are in a very difficult position. I have personally spoken to many trade representatives. The USSR was very kind. They have felt the sort of a situation. As you know, the export duty on unmanufactured tobacco was abolished from April, 1986. Like that, several other measures have also been taken. We are also examining the possibility of getting new markets like Portugal, Iraq, North Korea, Madagascar, Indonesia and so on. I can give you the analysis of all the markets and I can say that whichever market we look into, we do not see the tobacco sales coming up in future. We feel that the anti-smoking campaign, in the West, is dominating. I know that the hon. Member here is very fond of good cigars. But I think that non-smokers are winning over the smokers. We have to take

this aspect into account because 50 per cent of what we produce really goes out by export. So, in the current situation, we will certainly take necessary measures. STC will certainly intervene and I am sure we will be able to tide over the problem.

SHRI K. S. RAO: Will you give clear instructions to purchase at MCP and not at MSP as MSP has no value?

PROF. N. G. RANGA (Guntur): STC is not coming into the market.

SHRI ARUN KUMAR NEHRU: You have come a little late. I have been speaking for the last fifteen minutes. You have not heard what I have said earlier. STC will be intervening, as I have said. We will try to do what we can. But, as I have said, the practical problem remains regarding the supplies and demands. We will try to see what best we can do. In the current year, I am sure that we will get over the problem. But the same problem will be reoccurring if we do not take effective and corrective action now, which we will do.

PROF. N. G. RANGA: Is it true that there is a Russian order for huge quantity of tobacco and yet, neither the STC nor the Tobacco Board had not made adequate response to that order?

MR. DEPUTY SPEAKER: Mr. Ranga, you are a very very senior Member and you know that this is not allowed.

SHRI ARUN KUMAR NEHRU: I have no objection to reply.

MR. DEPUTY SPEAKER: You can reply to him later on.

SHRI K. S. RAO: No Sir. This is a very important matter. Tobacco growers are awaiting his reply. He was asking about the Russian order. If he gives his reply now, the prices will be stabilised. If he does not announce, then it will have an impact on the growers once again. If he answers as to whether or not he is feeling that he is going to get some orders from Russia or else-

[Sh. K.S. Rao]

14.00 hrs.

where, that itself will have an impact on the price of tobacco.

SHRI ARUN KUMAR NEHRU: Sir, I have already made the statement that USSR have been buying tobacco from us. What the hon. Member has said here is slightly different from what I have said.

MR, DEPUTY SPEAKER: Now, we will take up Matters under Rule 377.

13.59 hrs.

MATTERS UNDER RULE 377

[English]

(I) **Need to set up satellite port at Visakhapatnam**

SHRIMATI UMA GAJAPATHI RAJU (Visakhapatnam): Mr. Deputy Speaker Sir, Visakhapatnam is known as the city of destiny and the destiny of this growing megapolis in Andhra Pradesh is linked to industrial growth and the steel plant. The Vizag Port has a capacity which economists have protected. It will be able to handle only that tonnage which is related to the Steel Plant activities when it goes into full production. There is an urgent need for setting up of petrochemical complex and the two Thermal Power Projects during the Eighth Plan. Both these Thermal Projects envisage transportation of coal from Orissa by sea. It is to meet this growing port capacity and to minimize pollution from the Steel Plant in the Vizag Port, a Satellite Port in Gangavaram was proposed. The future growth of Vizag is therefore inexorably linked with setting up of this Port within the Eighth Plan.

I request the Government of India to order setting up of second port there at the earliest.

(II) **Need to revive old fishing harbours and to set up a new fishing harbour at Chombala (district Calicut) in Kerala**

SHRI MULLAPPALLY RAMACHANDRAN (Cannanore): Mr. Deputy-Speaker, Sir, the State of Kerala with its long coastal line contributes considerably to the marine wealth of the country. A good percentage of the population of the State depends directly or indirectly on fishing for their livelihood. Revival of the old harbour and also setting up of new fishing harbours will be extremely useful to promote fishing in these areas, especially the deep sea fishing.

It is, therefore, earnestly requested that the hon. Minister for Surface Transport may be pleased to initiate early steps for reviving old ports and harbours like Ashikkal port and Mapila Bay in Cannanore; and the Beypore Port and Puthiappa Harbour in Calicut, and to set up a new fishing harbour at Chombala in Calicut, which is one of the best fish yielding beaches along Kerala's coast.

(III) **Need to approve the agreement signed between the management and workers of FACT, Cochin**

PROF. K. V. THOMAS (Ernakulam): Mr. Deputy-Speaker, Sir, a draft agreement has been signed between the management of FACT, Cochin and employees unions in November, 1989 after a prolonged discussion on long term settlement and wage policy. FACT is one of the few public sector fertilizer companies that make a profit. Workers have contributed their sweat and blood for the record production and productivity in FACT. But the Government of India has not yet cleared this draft agreement even after a period of five months of signing the draft agreement. I request the Government to take immediate steps to approve the draft agreement.