

(II) Forty-sixth and Forty-seventh Reports

SHRI ARVIND NETAM: I beg to present the following Reports of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes:—

- (1) Forty-sixth Report (Hindi and English versions) of the Committee on the Ministry of Tourism—Reservations for and employment of Scheduled Castes and Scheduled Tribes in India Tourism Development Corporation.
- (2) Forty-seventh Report (Hindi and English versions) of the Committee on the Ministry of Railways (Railways Board)—Reservations for and employment of Scheduled Castes and Scheduled Tribes in Eastern Railway.

12.14 1/4 hrs.

JOINT COMMITTEE ON OFFICES OF PROFIT

Eighth Report

[English]

KUMARI KAMLA KUMARI (Palamau): I beg to present the Eighth Report (Hindi and English versions) of the Joint Committee of Offices of Profit.

12.14 1/2 hrs.

COMMITTEE ON PAPERS LAID ON THE TABLE

(i) Twenty-third Report

[English]

PROF. NIRMALA KUMARI SHAKTAWAT (Chittorgarh): I beg to present the

Twenty-third Report (Hindi and English versions) of the Committee on Papers Laid on the Table.

12.14 3/4 hrs.

(II) Minutes of Twenty-third Report

PROF. NIRMALA KUMARI SHAKTAWAT: I beg to lay on the Table Minutes (Hindi and English versions) of the sittings of the Committee on Papers Laid on the Table relating to their Twenty-third Report.

PETITION RE: REPORT OF THIRD CENTRAL WAGE BOARD FOR SUGAR INDUSTRY

[English]

SHRI BASUDEB ACHARIA (Bankura): I beg to present a petition signed by Shri P.K. Ganguly, Secretary, Centre of Indian Trade Union, New Delhi and others regarding Report of the Third Central Wage Board for Sugar Industry.

12.15 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

Violation of agreement between tobacco exporters/manufacturers and tobacco growers regarding procurement price of tobacco

[English]

SHRI GOPAL KRISHNA THOTA (Kakinada): I call the attention of the Minister of Commerce to the following matter of urgent public importance and request that he may

*Agreement between tobacco**& tobacco growers*

make a statement thereon:

"The reported violation of agreement between tobacco exporters/manufacturers and tobacco growers regarding procurement price of tobacco resulting in heavy losses to the latter and the steps taken by the Government in that regard."

12.16 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P.R. DAS MUNSI): Sir, Virginia Flue Cured (VFC) tobacco is grown largely in Andhra Pradesh and Karnataka. The production of VFC tobacco in Andhra Pradesh is estimated at 88 Million kgs. for 1988-89 crop. The exports of VFC tobacco in 1988-89 were of the order of 39.92 Million kgs. valued at Rs. 100.72 crores.

The MSP for the crop of 1988-89 which is now being marketed in Andhra Pradesh is Rs. 13.00 per kg. for F1 grade and Rs. 11.75 per kg. for F2 grade.

The Tobacco auctions started this year in Andhra Pradesh at 13 auction platforms on 10.2.89 and at the remaining 5 auction platforms on 16.2.89. The auctions progressed well. However, after 28.2.89 a decline in the prices offered was noticed at the auction platforms. The fall in the higher price from Rs. 22.10-23.50 to Rs. 19.90-21.10 was noticed during the period 28.2.89 to 9.3.89. In view of the downward trend of prices from 28.2.89 the growers did not participate on 8 auction platforms on 9.3.89. The Chairman, Tobacco Board intervened and invited the traders and growers' representatives in the Regional Committees for discussion on 10.3.89. During the discussions, the trade stated that they paid unreasonably high prices at the starting phase of the auctions. However, an amicable agree-

ment was reached according to which the traders agreed to pay an average of Rs. 21 per kg. for F1 grade of black soil tobacco and Rs. 27 for better grades tobacco (leaf position) in NLS area subject to marginal reduction of about 50 paise per kg. depending upon export situation. The auctions resumed on 11.3.89 with the above understanding but the traders did not honour the commitment to pay Rs. 21 per kg. on F1 grade tobacco. However, they honoured the commitment made in respect of NLS tobacco.

Considering the resentment amongst the farmers, I held discussions with representatives of growers, exporters, and manufacturers on 30.3.89 at New Delhi regarding problems connected with tobacco auctions and prices. In the meeting the traders and manufacturers agreed to pay Rs. 20.50 per kg. for F1 grade and Rs. 19.50 per kg. for F2 grade of VFC tobacco. The auctions recommenced with this agreement from 3rd April, 1989. From 4th April, 1989 onwards the traders started implementing the agreement in respect of only the best graded tobacco. Slightly inferior quality tobacco fetched prices between Rs. 18 to 20 per kg. for F1 grade and Rs. 17 to 19 per kg. for F2 grade of VFC tobacco.

The situation was reviewed by the Chairman, Tobacco Board on 7th & 8th April, 1989 with the representatives of exporters and manufacturers and the need to honour the commitment was impressed upon them. The exporters have not been active in the market particularly from 9th April, 1989 onwards and this has led to lesser competition in black soil auction platforms. Consequently the prices have further dropped, and now are around Rs. 15 to Rs. 17 per kg. for F1 and F2 grades. The prices for other grades have also declined. However, the brighter varieties of F1 & F2 grades tobacco bales are still fetching Rs. 20.50 and Rs. 19.50 per kg. respectively but the trade is very selective in paying these prices.

As on 20.4.89, a crop of about 75.00 M. kgs. has been marketed leaving a balance of around 13 M. kgs. as on 18.4.89 the farmers have realised an average price of Rs. 18.52 per kg. as against Rs. 16.33 per kg. realised last year which is Rs. 2.19 per kg. more than last year.

The farmers are however still dissatisfied with the prices realised. Continuous efforts are being made to arrest the declining trend in the prices.

SHRI GOPAL KRISHNA THOTA: Please take immediate steps by asking STC to enter the market and purchase tobacco at prices arrived at between exporters, manufacturers, Tobacco Board Chairman and growers' representatives on 30th March, before the Minister.

SHRI K.S. RAO (Machilipatnam): Mr. Deputy Speaker, Sir, the situation of tobacco growers in Andhra Pradesh is quite alarming. The problem with the tobacco growers every time is that as the domestic consumption is limited to the manufacturers and the only other consumers are the exporters, they are exploited by both of them. In fact, the situation was so bad two years back that the farmers could not get even their investment and they had to sell all their property. During that period, the representatives of the tobacco growers had approached the Government of India asking them to increase the minimum support price. Luckily, and to the credit of the Government of India, they immediately increased the MSP and also asked the State Trading Corporation to enter into the purchases. By this, there was certain relief to the tobacco growers and they also felt happy on the immediate action taken by the Government of India. But, Sir, there has been no permanent solution to the problem. When we look at the minimum support prices of Rs. 13.30 and Rs. 11.70 for F1 and F2, as

shown by the Minister, and the actual workable price or the remunerative price, it was very high and there was no comparison between the two. Even this year, the initial price, which went up to Rs. 27 per kg. in certain areas, has come down, towards the end of February, to about Rs. 21, then to Rs. 20 and finally to Rs. 17 or Rs. 18. So, the tobacco grower is fully exploited. We have brought it to the notice of the hon. Minister, Mr. Das Munsji himself and I am glad that he readily agreed to visit the area and enthuse confidence among the growers and also to impress upon the exporters as well the manufacturers that they cannot exploit the growers and that the Government of India would not keep silent. He thought that by impressing upon the manufacturers and the exporters, he could bring amity and better understanding between them and the growers and could also ensure that an agreed price was paid by the customers. Accordingly, on 30th of March, he called a meeting of all these categories—growers, exporters and manufacturers—at Delhi in which the exporters and manufacturers had agreed to pay Rs. 20.50 for F1 and Rs. 19.50 for F2 and accordingly for other grades. But while they had agreed here in the presence of the Minister, they did not keep up their promise even for two days and when they went back, once again they formed a certel and started paying very poor rates. This created an impression in the minds of the growers that there is no permanent solution to the problem and that they are being subjected to exploitation, irrespective of the Government of India's interference and assurance. The only solution that could be there is to increase the minimum support price, without which there cannot be a permanent solution. Even then, because the trade is in the private hands, because the trade is not with the Government of India which could take care of the growers, this situation is bound to happen in future also, unless some permanent measures are taken. We have discussed this issue in the Tobacco Board also

wherein we have decided that unless some stabilisation fund of Rs. twenty, thirty or forty crores is created by the concerned governments to make the Tobacco Board enter into the market, whenever there happens to be an exploitation on the part of the manufacturers or exporters, no amount of assurances will help the growers and everytime they will be put to exploitation.

Sir, I would like to refer to the State Trading Corporation. When the State Trading Corporation was made to enter into the market to save the growers from the exploitation of the exporters, they went to the extent of ensuring them remunerative prices and saving them from some of the unscrupulous exporters who have gone to the extent of cheating even the STC and making it to incur loss worth crores of rupees so that the STC or the Government of India will never think of purchasing tobacco from the growers. That obviously means that some interested parties, exporters or the traders, are working not only to exploit the growers but also they are interested to see that any Government of India organisation or any public sector enterprises fail to come to the rescue of the growers. So, Sir, this will not help in the long run. The only solution is to give remunerative prices to the growers, to fix support price to the growers. The second aspect is a clear-cut observation. The State Government thinks that it is the duty of the Government of India only to help the growers. The State Government has never come forward to the rescue of the tobacco growers. In this context, I wish the hon. Minister to have the same type of arrangement as they have given to Kerala. In Kerala, in regard to the purchase of cashewnut, when the Kerala MPs had represented that the growers of the cashewnut are exploited at the hands of the exporters, at the instance of the Government of India, the Kerala Government had come forward to monopolise the purchases of cashews from the growers so that the remunerative prices can be paid to the growers

and in turn the Cashew Corporation will export the cashewnut to the other countries. I would therefore request the hon. Minister to speak to the Chief Minister of Andhra Pradesh to do monopoly purchase of tobacco by the State Government itself and then the hon. Minister must come forward to start Tobacco Trading Corporation in the same way as they have started like the Tea Trading Corporation, Cashewnut Trading Corporation, Spices Corporation, etc. I do not understand why the Tobacco growers alone must be put to a lot of inconvenience when you have given the consideration in regard to the growers of cashew, spices and various other agricultural products in Kerala. Should you not come to the rescue of the tobacco growers also in starting a Trading Corporation separately for tobacco which can enter into the market and save the growers from the exploitation?

Sir, we sent the proposals also and we are also sending proposals from the Tobacco Board and the tobacco growers also have sent several representations to the Ministry. So, I request that the hon. Minister may kindly lend about Rs. 15 or 20 crores immediately to Tobacco Board and then ask them to purchase them immediately from the growers or ensure that the State Government enters into this purchase. If the State Government does not take the responsibility, if the State Government thinks that they have no responsibility towards the tobacco, then, only the Government of India should come forward and save the growers.

Sir, before ending, I would like to submit that auctions are going to take place only for 10 or 15 days from now onwards. So, the time is very important and if the Government of India does not take action now itself and the State Government does not enter into this purchase, then the growers will be put to a lot of inconvenience. Therefore, Sir, for this year at least, the Centre must lend a couple of crores of rupees to the Tobacco Board if

the STC were not to enter into the purchase tomorrow or day after tomorrow, so that the Tobacco Board may purchase tobacco from the growers at the remunerative price or the tobacco is purchased in their presence by the manufacturers from the growers.

SHRIV. SOBHANADREESWARARAO (Vijayawada): Mr. Deputy-Speaker, Sir, first of all, I would like to express heart-felt thanks on my own behalf as well as tobacco growers of Andhra Pradesh for admitting this Calling Attention in this House for discussion. Sir, the hon. Minister has stated in detail as to what has happened in this respect and I will not repeat it for shortage of time.

Sir, this is a very serious matter. As the hon. Minister himself has explained in his statement, though an understanding, though an agreement was arrived at between the representative of the exporters, the manufacturers and the traders and the growers' representative in the presence of the Chairman of the Tobacco Board on 10th March 1989 it was not implemented, it was not adhered to by the trade and again they went back on another understanding that was arrived at before the hon. Minister on the 30th March. This is a thing which cannot be simply allowed to happen because with the most powerful Tobacco Board which is there to protect the interests of the growers and the Chairman as well as the hon. Minister before whose presence this decision was taken, if they cannot stick to that he must certainly take very drastic action to ensure that the growers get the prices. In fact, Sir, you remember, some time back I myself have suggested, when the tobacco minimum support prices were not enhanced successively for three years with a faint hope that the growers will also be passed on some benefit, I requested and you were good enough to sanction cash compensatory

support to these exporters and the trade. Does it behove on their part to let down the growers like this in spite of the support from the Government?

SHRI C. JANGA REDDY (Hanamkonda): What is the Government doing? Why they are not purchasing?

SHRI V. SOBHANADREESWARARAO: I would like to bring to your notice that the Government should now take immediate steps and see that the State Trading Corporation enters the market. The Tobacco Board even though it can purchase, it will purchase only at minimum support prices which are not at all remunerative, which my hon. colleague has just now mentioned—the price which he mentioned there is vast difference between Rs. 13.30 p. and now the agreed price is Rs. 20.50 p. The difference of Rs. 7.20 p. is there. The farmer will not be in a position, he will not agree to hand it over at Rs. 13.30 p. to the Tobacco Board. The only way out is that the State Trading Corporation should enter and purchase the tobacco at the prices which were arrived at in your presence. They are not asking for more, but at least for those prices—F1 Rs. 20.50 p., F2 Rs. 19.50 p. and correspondingly for the other grades. Now, the whole problem is, if S.T.C. enter the market and purchases very small quantity, it is not going to solve the problem of growers. I had information that only around four hundred tonnes may be purchased by the STC. Now, the total quantity that is still with the growers is 13,000 tonnes or 13 million Kgs. So, the State Trading Corporation should purchase at least 6 million Kgs. My submission in this respect is, sometimes the State Trading Corporation may say, 'Previously when STC had purchased tobacco in 1980 or 1984 or 1986, sometimes it had incurred loss, it has burnt its fingers.' It is mainly due to the inefficiency and negligence on the part of the STC in disposing of the stock at an early opportunity. Somehow some mistake, some negli-

*Agreement between tobacco**& tobacco growers*

gence, has taken place, I do not want to find fault with what happened in the past. But now the Tobacco Board is there, there is a scientific grading and the personnel are trained by the Tobacco Board where they are classifying the tobacco. Unlike in the previous years when the lesser quality tobacco was upgraded and purchased as high grade tobacco and money was paid to the tobacco company whereas actually the STC is to incur loss, today it will not happen so. Now there is absolute fool-proof mechanism with a vast network of the Tobacco Board and its personnel and the administrative set up. Now, if it is kept in a proper condition definitely the STC will not incur any loss. I am very sure it will get some profit also just as in the last year or a year before when the Tobacco Board and STC had purchased some tobacco at the time of crisis, thereupon they re-sold to the exporters and definitely they got some profit. I am sure this time also, they will be getting profit. For argument sake, suppose my assumption may go wrong and the STC may incur say Rs. 2 crores or Rs. 3 crores of loss, no heavens will fall. It is because, this is the tobacco which has given the Government of India Rs. 1300 crores of excise and customs revenue to the Government of India. This is one item which is the top income earner to the Government of India, as you are getting so much revenue. So, even if you lose Rs. 3 crores or Rs. 4 crores in the purchase operation, it will not matter much. I am sure, hon. Minister, Mr. P.R. Das Munsi who has particularly taken interest in the matter of tobacco will certainly appreciate and order STC to enter into the market and go ahead immediately without any further loss of time, as my colleague on the other side mentioned, and purchase tobacco at the prices that were agreed to in your presence.

I would also bring to your kind notice this. What is happening is, tobacco growers are losing in respect of another aspect also. After they remove the tobacco leave from the

field and bring it to the barn, cure it, and then put it in a bale, then they bring it to the auction platform. Sometimes more than 2 months' time is passed, from the time the bale is prepared and brought to the auction platform. During this intervention of 2 months period, the colour of the tobacco will slightly change. For the same cost incurred by the farmer, because of the delay in bringing this bale to the auction platform, which is again decided by the Tobacco Board, depending upon the number of farmers, area etc. They give once in 15 days or something like that. By the time it comes to the auction platform, the colour of the tobacco changes and the quality degenerates and the farmer is penalised. This is happening because of the inadequate number of auction platforms. For example, in Krishna district earlier there were two platforms—Kanchika Cherala and another at Nandigaon. You have closed Nandigaon auction platform. The entire Virginia tobacco leaves from Krishna district as well as tobacco from Mahadevpuri in Warrangal district are coming to Kanchika Cherala auction platform. (*Interruptions*)

MR. DEPUTY-SPEAKER: It will not go on record.

(*Interruptions*)

SHRI V. SOBHANADREESWARA RAO: Normally Kanchan Cherala can handle 6 million kgs. But this year because Nandigaon platform being closed, it may have to handle nearly 10 million kgs., and because of this, the farmer is losing due to the long delay in depositing his tobacco.

My suggestion to the hon. Minister is, please ensure that adequate number of auction platforms are operated so that farmers will not lose on that account. There is another important aspect where the traders are exploiting the tobacco growers. You have decided the prices for grades F1, F2, F3 like that. When the slight change takes place in

colour and quality, the classifier marks it as mixed MF-1, MF-2 etc. Since the letter 'M' is there, the exporter is exploiting to the tune of Rs. 4 a k.g. You will not believe it. This is just because, the tobacco is termed as mixed grade. My suggestion to the Government and through the Government to the Board is, please see that mixed grade is again subdivided into less mixed and average mixed so that the farmer also will be in a position to know, for how much amount tobacco is going to be given at a lesser price. In the absence of such a thing, you are giving licence to the exporters and cigarette manufacturers to purchase the tobacco at a price which is less than Rs. 400 or Rs. 500 per quintal than that of the price that has to be given.

My another important suggestion is, earlier, when I was a member of the Tobacco Board and when the Tobacco Board Regulation (Amendment) Bill was discussed in this House, I appealed to you this. In respect of Coffee, it is the Coffee Board which is deciding the prices. In respect of Tea, it is the Tea Board which is deciding the prices of tea.

In respect of tobacco, the Tobacco Board is deciding the minimum export price for the tobacco that is exported by the exporters, not the tobacco produced by the tobacco growers. The Tobacco Board has got all the information at its command and it has the entire set of marketing and production systems and its officials and it has the entire scientific knowledge today and, therefore, it is more competent and more authorised to determine the minimum support price of tobacco rather than the Commission for Agricultural Costs and Prices. I would request the hon. Minister kindly to consider and to bring about a change in policy matters and change in decisions so that the Tobacco Board itself fixes the minimum support price.

I would also like to bring to your notice the grading aspect which the individual farmer has to take. Of course, theoretically, the Tobacco Board is expected to send its team of employees to various villages to help the growers in grading matters. My suggestion is you please take necessary steps for setting Community Grading Centres where a group of farmers can bring the tobacco and grade them and one of your Board employees can go there and give suggestions as to what grade it belongs.

One point which I want to bring to the notice of the hon. Minister is apart from this minimum support price, the other area where you can help the tobacco grower really is, the incentives which you can give to the growers. The Board is giving very much less assistance to improve the cultivation practices. In fact, when I was there for three years, I was pleading all the while. But the limitation was during the Seventh Plan formulations, certain amounts were decided and it was the limit. At least in the coming Eighth Plan formulations, my suggestion to the Tobacco Board is to provide as many number of incentives as possible to the tobacco growers for taking up the improved cultivation practices through which they can increase per acre production. Otherwise, they cannot compete with the tobacco growers elsewhere in the world market.

My suggestion to the hon. Minister is there are some tobacco companies who have not paid dues to the tobacco growers prior to the introduction of auction system. After the setting up of Tobacco Board, before introduction of the auction system, there was tobacco leaf voucher system. During that period, the tobacco companies purchased tobacco but they have not given the money to the growers. Even now they have not given. The farmers are suffering. But the astonishing fact is that the same companies are still coming to the auction platforms and

Agreement between tobacco

purchasing tobacco from growers. This is important. I request the hon. Minister kindly to look into this aspect and see that the monies are given to the farmers without which this company should not be permitted to enter the auction platform and purchase the tobacco.

What my friend Shri Janga Reddy says is correct. Mahadevpuri area produces very high quality tobacco. There is no auction platform right at the moment in that place. You may kindly take necessary steps either to take on lease private godown or set up State Government Marketing Committee yard or you can certainly set up auction platform thereby constructing godown.

My friend Shri K.S. Rao from the other side made an appeal, why not the Government of Andhra Pradesh come forward in helping the tobacco growers? Certainly, the State Government indirectly through the Tobacco Growers Cooperative Society at Ongole for which Mr. Sarabhaiah is the Chairman, has entered the market in the last two to three years. It is purchasing and, to some extent, you are giving export order also. If you cannot give better and higher export order, it will not be in a position to export tobacco to other countries. If you guarantee that such quantity will be given for export, definitely the tobacco growers cooperative will be in a position to enter along with your STC and purchase more tobacco at those prices.

You are a very dynamic young Minister. Let the Government take foreign orders and you distribute either to the STC or our growers cooperatives or to the small packers or traders and to the big people. Then only the grower will get real and higher remunerative prices.

With these words, I thank you very much for giving me this opportunity.

& tobacco growers

SHRI CHINTAMANI JENA (Balasore):
Mr. Deputy Speaker, Sir, I must congratulate the hon. Minister for his very pious and noble action in entering the market through the Tobacco Board and others, so that the tobacco growers may get a little more support prices so that the farmers may not get loan. It has been said that as there were no chances to sell the tobacco in the same form at auction platforms and the tobacco of higher grades would deteriorate in colour, quality and quantity, it was decided to handle higher grades and store low grades. But I would like to say that there is more demand in the foreign countries for VFC tobacco. Sir, in this connection, I would like to say in spite of our on. Minister's pious intentions, the tobacco growers are not getting their support price. What to speak of support price, they do not even get the cost of production of tobacco because we all know that it is a very costly cultivation, for which the farmers are to invest a huge amount for its cultivation. Though it is a cash crop and it is earning good foreign exchange to the tune of about Rs. 150-200 crores per year, I regret to say that neither the Agricultural Ministry nor the Commerce Ministry are taking very appropriate steps for its production in more areas in the country. Rather I must say that due to this uncertainty of getting remunerative price and support price as also due to other factors which are standing as a bar in their way, the area of tobacco cultivation is being reduced day-by-day. I have got the figures but I have no time to quote those things. The hon. Minister knows that the area of cultivation is being reduced year-by-year. Besides Andhra Pradesh and Karnataka in Gujarat, West Bengal his own State—and in my State of Orissa, the farmers are covering a large area under tobacco cultivation but the area is being reduced day-by-day because of the fact that the farmers are not getting remunerative price or support price. Nobody is coming forward to procure their products. Besides this, in Gujarat and other States, what we have noticed is that no encourage-

*Agreement between tobacco**& tobacco growers*

[Sh. Chintamani Jena]

ment is being given to the growers to cover the VFC tobacco. So, generally as per their custom, they are growing this Houkah tobacco. It is made into paste and is used in our country and in other countries like Saudi Arabia also.

Sir, I am happy to say that the hon. Minister has taken a favourable step and he is very kind and sympathetic to the tobacco growers. I would request that he should insist on the State Government of Andhra Pradesh to promote this. Mr. V.S. Rao. was just now telling that in Andhra Pradesh they have constituted the Cooperatives. But the cooperative should be adequately financed so that they may enter the market just after the harvest is over so that the farmers may not sustain heavy loss as they suffered during this year. This should be taken into consideration. Besides this, my other colleague Shri KS Rao was telling that in case the cooperatives are not capable enough to procure the entire crop., then the State Government of Andhra Pradesh should come forward to their rescue. Further, the Tobacco Board and the Commerce Ministry should come forward to procure them for the export of this crop.

There is one more point. This year also, the auction has been delayed in Andhra Pradesh. I would request the hon. Minister that he should be very cautious in future also. Otherwise, in Karnataka also the same thing may also be repeated. I would request that necessary action should be taken so that by the time of harvesting, the person to procure this, the agency to procure this should be ready to procure it so that they may not be put to any loss. I know there is a disease by name 'Nemetode' which affects the tobacco. If this disease affects the plant, then it spread

like an epidemic and farmers will have to sustain heavy losses. No action has yet been taken to develop the quality and protect the plants from these types of diseases. I request the hon. Minister to educate the farmers with the cooperation of the Agriculture Ministry so that they may not be put to heavy losses in future.

Before concluding, I would request the hon. Minister that the States like West Bengal, Gujarat, Orissa and some other States which are very suitable for production of tobacco and since this is very good foreign exchange earner, the area should be extended and the necessary action should be taken at the Ministry level. With these words, I conclude.

*(Interruptions)**

MR. DEPUTY SPEAKER: Nothing will go on record. I have not allowed him. Your name is not here.

(Interruptions)

SHRI P. R. DAS MUNSI: I am thankful to all the hon. Members for their very genuine observations and very constructive suggestions in regard to recent crisis among the tobacco growers in Andhra Pradesh.

Mr. Deputy-Speaker, Sir, I never smoke. Naturally, I cannot explain the grade and taste of tobacco. But, however, the matter is taken up by the Hon. Members today through this Calling Attention. Before this a number of senior Members of this House including Professor Ranga and also some important political leaders of Andhra Pradesh belonging to Telugu Desham, BJP, CPM, CPI and the Congress have made their genuine observations and gave the representation, while I was in Guntur, in this regard. I must

* Not recorded.

Agreement between tobacco

say that all the leaders of these political parties who met me, pointed out very important things which I thought should be dealt with very firmly by our side, at the moment. Immediately after my visit to Guntur, within 48 hours, I invited the representatives tobacco growers, traders, manufacturers and exporters to come to some understanding as to how we can protect the situation and give relief to the growers.

The total world scenario of the tobacco market—if the hon. Members kindly appreciate—is really very unfortunate. The total tobacco off-take is going down every year. And one of our main markets is the Soviet Union. As you know, the black solid tobacco which is precisely the monopoly of Andhra Pradesh and where they dominate the scene, the main taker in the world market was the Soviet Union. And the exporters trade do vary according to the off-take of Soviet Union from this part and a little bit from the East European countries. With the result, we thought, we have to open new markets like Morocco and Egypt and also to push new things in the Asian countries if possible and the Middle East countries and also in the EEC countries. You will appreciate that it is not an easy task when the whole world is positively and very aggressively moving for a campaign of anti-smoking. And almost in Europe, it has become a custom in almost every office that there is a sign board; "Please do not smoke here." So, anti-smoking campaign is also coming up vigorously. We have to take all the things into account as to what is happening and what may happen in future in the tobacco trade.

First of all, I would like to inform the hon. Members that after my observations and visit to Guntur and after having my meetings here, I thought that mere *ad hoc* approach on tobacco in India on a year to year basis cannot give us a suitable policy for future. Therefore, Sir, I announce that a long term committee will be announced very soon on

& tobacco growers

the tobacco trade involving the growers, the exporters and as to what way we shall make our efforts in future regarding productive planning, market planning, incentives planning and all the details. In that committee, we will be having the growers representatives, the trader's representatives and specially representatives from Karnataka and Andhra Pradesh Governments to give their view points and observations. I announce that after the committee finishes its work, we shall certainly listen to the observations of the Members of Parliament representing both the States, who are concerned with the tobacco growers every day. On this day. We would like to take into account the view of the world scenario of the tobacco trade as to how things are moving and whether we could make some other changes and how to make our entry into some other market. These are the matters to be taken into account. The second thing is the demand of a particular tobacco grade, as the hon. Member knows, is of NLS grade, the north light soil grade. It is the best quality tobacco which is not consumed by Soviet Union and most of the East European countries. At the same time, we cannot convert the SLS type of tobacco into the back soil tobacco. That is not possible. Of course we have asked the research group to make an effort into it as to whether we could do so which can fetch better price and can also get some new entry into a new market. For the time being, I would like to inform the hon. Members, that we have total support and sympathy for the growers and I have no hesitation to confess before this House that the tobacco growers in Andhra Pradesh are exploited and exploited, not for today but for time long, to the extent that the manner cannot be described in any language. They have been exploited. It is a group of organised gangsters of middlemen in connivance with the tobacco manufactures in the name of, sometimes, dealers, traders, etc. They manipulate the whole show having some planning and understanding with some groups. They

exploit the growers right from the beginning. Now, how to get out of it? In 1984-85, the first measure that the Government of India thought of is to start the auction platform system, where the growers can directly come. We have done it. There are 18 platforms. The hon. Member has suggested for more platforms. But at the moment, I cannot say anything. But I will certainly look into it I will tell my officials to visit the spot as you have mentioned the areas, the quantum, the arrival and the problems. We will proceed accordingly. We always desire that the manufacturers should directly come to the platform and buy the tobacco. Even after the auction system was introduced, we found that a portion of the direct requirement of the manufacturers are bought by them, but substantial portions are left to the middlemen who get their commission and margin and deprive the growers and compel them to sell at a price which is not at all sound and remunerative. However, a question has been raised about the MSP. Well, it is not done by us. There is a system to decide the MSP and that MSP is done by the Agricultural Prices Commission. They take certain things into account for the agricultural cost and price. MSP is not the price which you call as remunerative. Why should you call so? if at all there is a depression in the market, when the market is about to crash, then the Government decides and determines the minimum support price. We call it' minimum price. The Government decides as to what could be the minimum support price below which prices should not go down. This is a kind of protective measure and not profiteering or remunerative measure. I do agree to it. However, in regard to the MSP, We do not have anything in our hand. It is the Agricultural Prices Commission which decides. If the price goes below the MSP level, then we go to the rescue through STC and others. It happened so on an earlier occasion also. The hon. Member will appreciate that we

took no time to send the STC in Andhra Pradesh to be in the field. In spite of that we have incurred losses. That is a different matter. But at the present moment, I would like to inform the hon. Member that the average price as per the operation of the 9th week and 10th week as on 14th April, 1989 for F 1 grade 1988, is Rs. 18.92 per kg for F.2 grade the average price is Rs. 17.23 per kg.

13.00 hrs

So, if we compare 1987, 1988 and 1989, the average as on date, is not that much bad. Let us first understand the position as to what is bad here. We have fixed the production target as say, 80 million Kg. But due to the delay in the rainfall, the trade speculated that it would not go beyond 65 million kg. So, from the very beginning they have started buying the best available quality of tobacco at a very high price, which was not expected by the growers themselves, i.e. Rs. 20 or even Rs. 20.75 as minimum. That created a temptation or a fielding or a genuine confidence among the growers that this is a boom-year for them and they could make up their losses of the last few years by this way. I do not deny this. But what happened? Immediately after two weeks the traders speculation went wrong, i.e. beyond 65 million kg in the year 1980 and now in the year 88 it has gone upto 80 million kg. So, the growers stock was focussed in the market trade also. People had sown the tobacco a little late, they also came closer to the auction. They thought;

"why should suffer?" When my friend got the best price at the best time, why should we suffer?" That is the resentment which is being faced by the politicians, the trade union leaders and the leaders of the farmers. I do appreciate it Nevertheless, it is not a fact that the growers are getting a price, really worse than that of last year. I honestly confess this. The fact remains that the F-1 and F-2 best quality price, which was given

*Agreement between tobacco**& tobacco growers*

at the beginning of the year, beginning of the auction, could not be maintained, which should have been maintained because we also have given 5% CCS as incentive to the exporters. The exporters contention is that they are not buying more because orders are not sufficient in their hands. However, whether it is good or bad, we will have to examine. But the MEP has increased the export price by 10%. So, the MEP has gone up. So we have put forward the view points to the exporters that on the one hand we are getting a high MEP and on the other hand we are getting 5% CCS, and what is wrong on their part to buy more? The complaint that prevails is that the Soviet Union this time did expect to have an off-take of 15 thousand tonnes, but instead of that only 11 thousand tonnes, they could do and still they are expecting a shortfall. That cannot be the only matter. We do feel that exporters have a role to play more effectively in this regard as well as the manufacturers and had they played the role effectively this thing could not have arisen.

However, taking all these into account, I may inform the House, we have advised the STC to immediately go to the operation field for providing remunerative price to the tobacco growers to the extent possible. Now the question asked was let the STC buy this thing and that thing and by doing so sufficient revenue will be collected by way of excise duty. The STC will have a total responsibility for this. In the World Tobacco Market, the private exporters are also going and we are also going. So, it will be too much for us to expect anything more from the STC. We will have to find a long-term policy in regard to this. For this a Committee will be formed and I expect that it will give its report quickly, may be within three months. If this is done, we can give a clear picture to the growers before the next season as to where we stand.

Now let us come to the position in regard to STC going to the field. It is true that

12.5 million kg tobacco are left. If I may say so, out of 12.5 million kg of tobacco, the difficulty lies only in regard to 4 to 5 million kg of F-1 and F-2 grade. Now we have brought the STC in to the market. We have also taken some other measures. the STC may now have to buy them in a bigger way. So they are going for the operation quickly. I will personally monitor how things are moving with the tobacco board, because we have support and sympathy for the tobacco growers. We do feel that they have been exploited.

Regarding the suggestions from one the hon. Members of the Congress (I), Shri K.S. Rao, about the State Governments role in the monopoly procurement, I would say that Kerala Government, in their own wisdom took a very courageous step for the procurement of cashew.

If Andhra Pradesh Government thinks of taking such steps, they can also afford to do so progressively and aggressively. We welcome come them. We do not deny that. It is upto the Government of Andhra Pradesh in what manner they can do it. But as Shri Sobhanadreeswara Rao has admitted the cooperatives also feel: unless they get an export order, how can they buy? Similarly is the talk of the exporters: " If we do not have enough export orders, why should we buy? The cooperatives may have a lot of stock. The idea of getting export orders from the world market and distributing some part of the same to the cooperatives can be examined and can be looked into and monitored properly; the cooperages can get in touch with the Tobacco Board. But it will not be proper to say that because of the infrastructure, the cooperatives alone are competent to take the responsibility of the export, because that will boomerang. The private exporters do have some kind of strategy, links and infrastructure. If we keep them totally out of export suddenly, it may look nice and progressive, but in reality it will not be correct. Cooperatives should gain strength

*between tobacco exporters/mfrs.
& tobacco growers*

[Sh. P.R. Das Munsii]

year to year, stabilize financially and otherwise, and then this can be looked into and we would extend all cooperation.

In regard to the area of production, it is going down as Shri Jena said. As I said it is not good for the country to expect cultivators to go on producing tobacco without taking other things into consideration. It is not helpful. Tobacco production must grow in anticipation of the domestic market and the export expectations and accordingly, we plan the whole strategy in the Tobacco Board and we follow that policy. It is not good to go on growing tobacco throughout the country without knowing the domestic consumption and export expectations. That will not be good. It is true that in Gujarat, some hooka paste is being made. Hooka paste has a market and this kind of variation or diversification in the tobacco products is welcome. If it can earn hard currency from the world market, we shall encourage it.

In regard to the allegation of non-payment of certain amount to the growers by the tobacco manufacturing companies before the auction, I have no idea about it. If specific representations are received, we will look into the same.

Sir, I have already stated what I have to say. I can only request the Members that let us not create panic at the moment, let us have hope for the future and to tide over the present crisis, STC will come into operation. They will get in touch with the Tobacco Board for regular monitoring of the whole thing. We will certainly examine and see what we can do with regard to the prices not going below a particular level.

In regard to the commitment of the traders and manufactures, it is not a kind of agreement. I tried to bring them round on a table to come to some consensus, so that

market price is stabilised. It appears to me that the traders are making a complaint: "Is it our task alone to buy, when the exporters are not doing?" I would like to inform the House that with the kind of support that will be extended to the exporters and the trade in terms of increasing the MEP and CCS, if they do behave properly in the market, the Government will think of suitable measures and take deterrent steps, if necessary, to meet the situation.

13.00 hrs

BUSINESS ADVISORY COMMITTEE

Seventieth Report

[*English*]

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION AND BROADCASTING (SHRI H.K.L.BHAGAT): I get to move :

"That this House do agree with the Seventieth Report of the Business Advisory Committee presented to the House on the 24th April, 1989"

MR. DEPUTY SPEAKER : The question is:

"That this House do agree with the Seventieth Report of the Business Advisory Committee presented to the House on the 24th April, 1989."

The motion was adopted
