

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2051
ANSWERED ON:06.12.2005
TOBACCO
Rao Shri Sambasiva Rayapati

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether US and European union have decided to withdraw the subsidies on Tobacco;
- (b) if so, whether this will help Indian Tobacco industry;
- (c) whether Tobacco Board has fixed production target for the current crop; and
- (d) if so, the extent to which tobacco producing States would regulate commodity and production target?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

- a): Yes, Sir. While US has withdrawn price support programme for tobacco from the year 2005, the European Union (EU) is implementing `Common Market Organisation (CMO)` for tobacco, decoupling tobacco subsidies with a one-time settlement starting from the year 2006.
- b): As a result of the initial impact of the decision of the European Union, the production of Flue cured tobacco in the EU is likely to decrease. This decline in production may offer some opportunities for Indian tobacco.
- c): Yes, Sir. The target (crop size) fixed for the current season is 129 million kg for Andhra Pradesh crop and 76.56 million kg for Karnataka crop.
- d): The production of tobacco is regulated under the provisions of the Tobacco Board Act. The crop size is fixed every year to match the demand to ensure remunerative returns to the farmers.