

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

UNSTARRED QUESTION NO:30

ANSWERED ON:26.02.2008

REPRESENTATIONS FROM TOBACCO GROWERS OF ANDHRA PRADESH

Reddy Shri Mekapati Rajamohan

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

(a) whether various representations received from Tobacco Growers Union of Andhra Pradesh are pending with the Union Government;

(b) if so, the reasons therefor;

(c) the status of the representations as on date; and

(d) the reaction of the Government in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) to (d) The Government has received representations from Tobacco Growers Union of Andhra Pradesh and action is being taken on them.

Basic demands of tobacco growers' association and status on them as on date:

1) Subsidy on Sulphate of Potash (SOP) – The matter has been forwarded to the Department of Fertilizers for consideration.

2) Excess production beyond demand is deleterious to the interests of the growers. Hence production control must be there: Government is regulating the production of tobacco under the provision of Tobacco Board Act to ensure remunerative prices to the Growers.

3) Reduction of penalties on sale of excess/unauthorized tobacco. Tobacco Board fix the crop size at a reasonable level, taking into account the market demand. This ensures remunerative prices to tobacco growers. Penalties are necessary to ensure compliance with the crop size fixed by the Tobacco Board.

4) Subsidy on Fuel : Growers are advised to raise social forestry on their own in one or two acres so that the farmers can use as fuel from this social forestry for curing of tobacco in a barn for 6 to 7 years. The Government is also encouraging setting up of briquetting units from agri-waste including tobacco stalks by extending subsidy of Rs.2.00 lakhs per unit where the investment on machinery is above Rs.10.00 lakhs.

5) FDI in Tobacco Industry: Foreign Direct Investment is permitted in the tobacco industry. Presently the Government policy on the subject permits FDI upto 100% in cigar and cigarette manufacturing/tobacco processing but prior approval of the Government (FIPB) is required. There is no bar on the Cigarette MNCs/International leaf merchants participating in the auctions of the Tobacco Board.