

**ESTIMATES COMMITTEE
1960-61**

**HUNDRED AND THIRTY-SECOND REPORT
(SECOND LOK SABHA)**

**MINISTRY OF FOOD AND AGRICULTURE
(DEPARTMENT OF AGRICULTURE)**

**INDIAN CENTRAL TOBACCO COMMITTEE, MADRAS
(REPORTS AND ACCOUNTS)**



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**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1961/Chaitra, 1883 (Saka)

Price : Re. 0.30 nP.

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2. Hindustan Diary Pub-
lishers, Market Street,
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3. Hyderabad Book De-
pot, Abid Road (Gun
Foundry), Hydera-
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4. International Consul-
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12. Chanderkant Chi-
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21. E. M. Gopalkrish-
na Kone, (Shri Gopal
Mahal), North Chitrai
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22. The Kalpana Pub-
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23. The Presidency Book
Supplies, 8—C, Pycro-
ft's Road, Triplicane,
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24. S. Krishnaswami &
Company, O. O. Teppa-
kulam, Trichirappalli-
2.
25. The Swadesamitran
Limited, Mount Road,
Madras-2.
- MAHARASHTRA**
26. Charles Lambert &
Company, 101, Maha-
tma Gandhi Road, Opp.
Clock Tower, Fort,
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27. The Current Book
House, Maruti Lane,
Raghunath Dadaji Street,
Bombay-1.
28. D. B. Taraporevala
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ted, 210, Dr. Naoroji
Road, Bombay-1.
29. Deccan Book Stall,
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Poona-4.
30. The Good Compan-
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31. The Imperial Book
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Gandhi Road, Poona.
32. The International
Book House, Private
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Mahatma Gandhi Road,
Bombay-1.
33. The International
Book Service, Deccan
Gymkhana, Poona-4.
34. Minerva Book Shop,
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Subhash Road, Marine
Drive, Bombay-2.
35. The New Book
Company (P) Limited,
Kitab Mahal, 188-90,
Dr. Dadabhai Naoroji
Road, Bombay.
36. The New Book De-
pot, Modi No. 3, Nag-
pur.
37. The Popular Book
Depot (Registered), Lam-
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38. Sahitya Sangam, Book-
sellers, 44, Lok Manye
Vastu Bhandar, Dadar,
Bombay-28.
- MYSORE**
39. H. Venkataramiah &
Sons, Vidyanidhi Book
Depot, New Statue
Circle, Mysore.
40. Makkalapustaka Press.
Balamandira, Ghandi
Nagar, Bangalore-9.
41. People's Book House,
Opp. Jaganmohan Pa-
lace, Mysore-1.
42. Pervaie's Book House
Koppikar Road, Hubli.

CORRIGENDA

to

HUNDRED AND THIRTY-SECOND REPORT OF THE ESTIMATES COMMITTEE (Second Lok Sabha)

1. Page 2, line 2, for 'of length' read 'at length'.
2. Page 10, para 22(i), line 3, for '165:69' read '155.69'.
3. Page 14, Serial No.2, line 2, for 'qualified' read 'qualified'.

153.-LSRP.-11-4-61/1250.

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**ESTIMATES COMMITTEE
1960-61**

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SECRETARIAT

Shri A. K. Ray—Deputy Secretary.

Shri M. C. Chawla—Under Secretary.

*Elected w.e.f. 25th November, 1960, vice, Shri Dinesh Singh, resigned.

INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Hundred and Thirty-Second Report on the Ministry of Food and Agriculture—Indian Central Tobacco Committee.

2. A general examination of the published Annual Reports and Accounts of the Indian Central Tobacco Committee for the year ending 31st March, 1959 was conducted by the Sub-Committee of the Estimates Committee on Public Undertakings whose Report thereon was finally approved by the whole Committee.

3. A statement showing an analysis of the recommendations contained in this Report is also appended (Appendix III).

4. The Committee wish to express their thanks to the Officers of the Ministry of Food and Agriculture and the Indian Central Tobacco Committee for placing before them the material and information that they wanted in connection with the examination of the Annual Reports and Accounts of the Indian Central Tobacco Committee.

NEW DELHI;

H. C. DASAPPA,

April 5, 1961.

Chaitra 15, 1883 (Saka)

Chairman,
Estimates Committee.

A. Historical Background

Tobacco plays a prominent role in the economy of several countries of the world. India is one of the principal tobacco producing countries. The production of tobacco in the country during the year 1958-59 was approximately 589 million lbs. On a very rough estimate the value of the 1958-59 crop has been assessed by Government at Rs. 49 crores. The revenue from tobacco excise comes upto about Rs. 50 crores and from duty on customs on imports of tobacco comes upto about Rs. 2 crores making a total of about Rs. 52 crores.

Production of Tobacco in the country.

2. From April, 1943, the Government of India imposed an excise duty at varying rates on tobacco and its products. It was decided to set apart from the proceeds of this duty a non-lapsable grant of Rs. 10 lakhs per annum with the object of improving and extending the cultivation of quality leaf tobacco, both Virginia and native, and improving generally the products of the crop. The grant was actually made with effect from 1943-44 and pending the formation of a Committee of an all India character the amount was placed at the disposal of the Indian Council of Agricultural Research.

Genesis of the ICTC.

3. The Indian Central Tobacco Committee was set up in 1945 by the Government of India in the late Department of Education, Health and Lands by Resolution No. F. 40-26/44-A, dated the 10th April, 1945. This Committee, hereinafter referred to as ICTC, was registered as a body corporate under the Registration of Societies Act (XXI of 1860), with headquarters at Madras. On its formation on the 28th November, 1945, the ICTC took over from the Indian Council of Agricultural Research the entire responsibility of administering the grant and for continuing the various activities already initiated by the Council.

Establishment of the ICTC.

B. Functions

4. The main functions of the ICTC are to assist in the improvement and development of the production and marketing of and research in different kinds of tobacco and tobacco products and all matters incidental thereto.

Functions of the Committee from Nov., 1945.

5. The Committee were informed that the ICTC had so far concentrated on improving the quality of tobacco. Though the functions entrusted to it included marketing, the ICTC was paying attention to the development of the agricultural aspect only. The Committee have dealt with the export of tobacco elsewhere in the report. *In this connection, the Committee would refer to Chapter II of their Hundred and Twenty-Ninth Report (Second Lok Sabha) on the Ministry of Food and Agriculture—The Directorate of Marketing and*

No steps taken to develop marketing—desirability of doing so.

Inspection—wherein they have dealt with the question of marketing of tobacco of length and recommended among others the establishment of regulated markets for tobacco and of Producers' Co-operatives for grading.

Production of high class cigarettes with technical assistance of ICTC.

6. It is seen that the functions of the ICTC are wide enough to include among others financial and technical assistance to organisations engaged in manufacturing tobacco or its products. It is interesting to note that the total production of cigarettes is of the order of 3000 crores of pieces a year. As regards the technical 'know-how' of the manufacture of high class cigarettes there seems to be some difficulty in obtaining it. If the ICTC has not necessary technical 'know-how', it would be difficult to provide such assistance. It was stated by the representative of the Ministry that while the ICTC confined itself to the agricultural aspects only, the industrial and exports aspects were looked after by the Ministry of Commerce and Industry.

The Committee understand that there were countries like Turkey which had gained the necessary technical knowledge and had even made the manufacture of cigarettes a State concern, earning a sizeable revenue by it. *It would be necessary and desirable for the Government to get people fully qualified in the technique of production of high class cigarettes so that more and more of indigenous manufacturers, who are in a small minority now, can be assisted with the technical 'know-how'.*

C. Composition and Organisation

7. The ICTC consists of 53 Members. Six are officials of the Central Government and nine representatives of the Departments of Agriculture of the major tobacco growing States. There are also representatives of the consumers elected by the Parliament, representatives of the growers, Co-operative Societies, trades etc. nominated by the Central Government and five other nominees of the Central Government. The Agricultural Commissioner with the Government of India is the *ex-officio* President of the Committee. The Vice-President is a nominated non-official. A Chart showing the composition of the ICTC is reproduced at *Appendix I*.

Sub-Committees.

8. There are four Sub-Committees of the ICTC *viz.*, (1) Finance, (2) Agricultural Research, (3) Statistical, Marketing and Technological and (4) Scientific Appointments Sub-Committees, for dealing with the different aspects of its work. There was no Executive Committee of the ICTC to look after its day-to-day working but in practice the Finance Sub-Committee functioned as the executive body. This Sub-Committee has been vested, by convention, with the powers to take decisions on all major issues because the Vice-President of the ICTC was the *ex-officio* Chairman of the Finance Sub-

Committee. *It does not appear desirable that the Finance Sub-Committee, which is more appropriately concerned with control and sanction of expenditure, should also act as the executive body. The Committee suggest that the desirability of having a separate Executive Sub-Committee may be examined.*

D. Results and Trends of Operation

9. The principal items of receipts and expenditure of the ICTC during the years 1955-56 to 1958-59 along with the amounts invested in fixed assets are indicated below:

(In rupees)

Particulars	1955-56	1956-57	1957-58	1958-59
1. Opening Balances	13,88,199	19,61,608	17,95,046	20,87,184
2. Receipts :				
(a) Government of India Grant	16,00,000	10,00,000	12,00,000	12,00,000
(b) Special Grant of the Government for the Five-Year Plan Scheme	4,01,880	6,20,000	3,35,000
(c) Grant from the Government of Mysore for the Tobacco Research Station, Hunsur (Second Five Year Plan)	45,000	..
(d) Other Receipts	3,48,054	7,42,847	4,29,650	4,38,623
3. Total Receipts excluding opening balances	19,48,054	21,44,727	22,94,650	19,73,623
4. Total Receipts including opening balances	33,36,253	41,06,335	40,89,696	40,60,807
5. Total Expenditure* :	13,74,644	23,11,289	20,02,512	23,12,428
(a) Expenditure on Administration of the Committee	1,99,790	1,89,617	2,14,356	2,53,662
(b) Expenditure on Improvement of the Agriculture of Tobacco :				
(i) Expenditure on Research Stations	8,11,092	14,06,874	9,48,142	9,78,371
(ii) Grant-in-aid	2,37,406	2,37,636	2,87,348	2,41,066

(c) Expenditure on Development and Improvement of Tobacco and its Products	69,193	1,06,345	92,863	85,197
6. Total Expenditure on Development (excluding Administrative Expenditure of the Committee) i.e., 5—5(a)	11,74,584	21,21,672	17,88,156	20,58,766
7. Total Cash and other Balances at the end of the year	19,61,608	17,95,046	20,87,184	17,48,378
8. Fixed Assets	13,72,870	9,99,065	22,88,018	20,78,619
9. Cash in Banks	8,36,609	5,16,584	6,37,403	3,34,148
10. Percentage of Administrative Expenditure to total Expenditure	14.5%	8.2%	10.7%	10.9%
11. Percentage of Administrative Expenditure to total Receipts (excluding Opening Balances)	10.2%	8.8%	9.3%	12.8%

^eExcluding Cash and other Balances, Advances and Imprests.

No Income and Expenditure Statement prepared.

10. The only account published by the ICTC is the Receipts and Payments Accounts. A Receipts and Payments Account is a summary of actual cash receipts and payments covering a particular period extracted from the Cash Book. It does not, therefore, include any income or expense outstanding and fails to reveal the actual income or expenditure of the period it covers*.

Difference between Receipts and Payments and Income & Expenditure Accounts. Income & Expenditure Accounts normally prepared by non-trading concerns.

An Income and Expenditure Account shows the whole of the income and expenditure for the year, whether actually received and paid or not unlike a Receipt and Payments Account which deals only with that part of income and expenditure for the year which is actually received and actually paid. Further, the balance of Receipts and Payments Accounts denotes merely the Cash in hand; the balance of an Income and Expenditure Account represents the surplus or deficit for the year, as the case may be**. Income and Expenditure Accounts are, therefore, normally prepared by the non-trading concerns.

Desirability of including an Income & Expenditure Statement in the Annual Report.

11. The Committee wanted to know whether it was not desirable to include in the Annual Report an Income and Expenditure Account instead of a Receipts and Payments Accounts. The representatives of the Ministry of Finance and ICTC agreed to consider the matter. *The Committee recommend that the ICTC may in future include an Income and Expenditure Account in its Annual Report.*

Annual Grants.

12. The ICTC gets an annual and non-lapsable annual grant from the Government of India to meet its expenses. The amount of grant has been varying from year to year. For instance, it was Rs. 16 lakhs in the year 1955-56 and Rs. 10 lakhs in the year 1956-57. Since 1957-58, the Government of India have decided to give a grant of Rs. 12 lakhs per annum for four years *i.e.* upto 1960-61. The Committee were informed that due to the increase in the activities of the ICTC arising out of Plan Projects, it was finding it difficult to meet its obligations with its present annual grant. The Government of India, accordingly gave an additional grant of Rs. 1.5 lakhs (over and above Rs. 12 lakhs) to the ICTC during 1959-60.

*Please see 'Advanced Accounting' by *Baliboi*, page 108.

**Please see *Carter's 'Advanced Accounts'*, pp. 328-329.

13. The Committee note that there were large cash and other balances with the ICTC at the end of each of the following financial years:—

Investments made by the Committee.

Year	Balances (Rs.)
1955-56	19,61,608
1956-57	17,95,046
1957-58	20,87,184
1958-59	17,48,378

In 1946-47 it had invested a sum of Rs. 7,54,100 in 3% Government of India loan maturing in 1970—75 and Rs. 60,000 in National Savings Certificates. It was stated that the balances grew in the earlier years when the Committee was not functioning too well. Regarding the reasons for these large investments in Government securities, the Secretary of the ICTC stated that they had invested money as it was lying unused with them at that time. *The Committee feel that these long term investments were made without due forethought as not long thereafter it found itself short of funds. They suggest that in such cases any surplus money should be invested only after very careful consideration of future requirements.*

14. The percentage of administrative expenses of the ICTC to total expenditure has shown an increase from 8.7% in the year 1956-57 to 10.7% in 1957-58 and 10.9% in 1958-59. It was stated that the administrative expenses included expenditure on publicity and marketing. Further, the ICTC had given Rs. 60,000 to the Indian Council of Agricultural Research for producing two films on their behalf. A sum of Rs. 47,000 had also been spent on some *ad-hoc* publications like Tobacco Directory etc. *The Committee feel that expenditure on publicity and marketing should be exhibited separately from administrative expenses in the accounts. They also suggest that efforts should be made to arrest the upward trend in the administrative expenses of the Committee.*

Administrative Expenses.

15. The ICTC is incurring expenditure on a large number of research schemes on Virginia, Natu, Country, Cigar, Wrapper, Chewing Tobacco etc. The Committee were informed that the ICTC had made arrangements for demonstrating the results of research to the cultivators by publishing leaflets, periodicals, through Extension Services, Field Trials, Demonstration Plots, holding farmers' weeks and through the Department of Agriculture of the State Governments concerned who had their own special organisations.

Research Stations.

The Committee find that no mention of these activities is made in the Annual Reports of the ICTC. They consider that it would be desirable to indicate in the Annual Reports the results of application of new methods of cultivation developed by the ICTC and its other allied achievements.

Laying of
Annual
Reports.

16. The Annual Reports of the ICTC are at present not laid on the Table of the House but copies are, however, placed in the Parliament Library. The Estimates Committee in their Seventy-Third Report on 'Budget Estimates, Annual Reports and Accounts of Public Undertakings', recommended that copies of the Annual Reports of such bodies should be presented to Parliament. *The Committee suggest that copies of the Annual Reports of the ICTC should also be laid on the Table of the House.*

E. Production, Export and Import of Tobacco

Production
of Tobacco.

17. The figures of acreage and production of all types of tobacco in India from 1953-54 to 1958-59 are given below:

Year	Area in thousand acres	Production in million lbs.	Yield per acre lb.
1953-54	912	600.32	658
1954-55	856	562.24	657
1955-56	1,013	667.52	659
1956-57	1,029	658.56	640
1957-58	872	530.88	609
1958-59	896	589.12	658

Tobacco is the leading cash crop of Andhra Pradesh which contributed about 244 million lbs. in 1957-58 or about 43% of the total production in India. About 95% of the country's Virginia tobacco comes from Andhra Pradesh. The area grown in India under Virginia tobacco was about 171,000 acres of which 167,000 acres were in Andhra Pradesh yielding about 101 million lbs. out of a total of 105 million lbs. in India.

18. The Committee were informed by the Secretary of the ICTC that its researches aimed at improving the quality and yield per acre without increasing acreage under tobacco as otherwise it would affect food production. He added that the ICTC was at present concentrating on improvement of quality of Virginia tobacco and was aiming to replace indigenous tobacco of low returns in areas where possibilities existed to grow Virginia or other types of tobacco that would bring higher returns to the cultivators. *The Committee are*

not aware whether the quality of production has shown any improvement and how far it has helped in giving increasing returns to the growers. The figures in the above table, however, indicate that the yield per acre which had generally been declining since 1954 and fallen rather sharply in 1956-57 and 1957-58, has gone up in 1958-59 only to the 1953-54 level.

19. The figures of imports and exports of both manufactured and unmanufactured tobacco since 1953-54 are as follows:— Imports and Exports.

TABLE I
IMPORTS (By Sea and Air only)

Year	Unmanufactured Tobacco		Manufactured Tobacco		Grand Total	
	Quantity in million lbs.	Value in lakhs of Rs.	Quantity in million lbs.	Value in lakhs of Rs.	Quantity in million lbs.	Value in lakhs of Rs.
1953-54 . .	2.28	61.86	0.17	17.60	2.45	79.46
1954-55 . .	3.08	100.68	0.15	17.22	3.23	117.90
1955-56 . .	3.72	128.56	0.19	18.11	3.91	146.67
1956-57 . .	3.25	111.14	0.20	20.23	3.45	131.37
1957-58 . .	2.77	118.00	0.07	8.56	2.84	126.56
1958-59 . .	3.76	165.59	0.02	2.13	3.78	167.72

TABLE II
EXPORTS (By Sea and Air Only)

Year	Unmanufactured Tobacco		Manufactured Tobacco		Grand Total	
	Quantity in million lbs.	Value in lakhs of Rs.	Quantity in million lbs.	Value in lakhs of Rs.	Quantity in million lbs.	Value in lakhs of Rs.
1953-54	70.03	1,102.06	3.06	107.44	73.09	1,209.50
1954-55	85.03	1,176.47	3.70	122.21	88.73	1,298.68
1955-56 .	88.93	1,064.90	3.41	118.03	92.34	1,182.93
1956-57	95.45	1,248.34	4.41	134.31	99.86	1,382.65
1957-58 .	90.22	1,462.56	3.52	119.95	93.74	1,582.51
1958-59 . .	101.78	1,468.19	4.15	137.33	105.93	1,605.52

Increased
Import of
unmanufac-
tured
Tobacco.

20. Table I indicates that value of Tobacco imported into the country and the quantity of unmanufactured tobacco imported have risen appreciably since 1953-54, though the quantity and value of manufactured tobacco imported have very much come down.

21. Imports mainly consist of superior grades of Virginia tobacco. The important varieties exported are flue-cured Virginia, Sun-cured Virginia, White Burley, Natu and Bidi tobacco. Virginia tobacco accounts for about 85% of the exports. The Committee were informed that the imported tobacco was intended for blending high class cigarettes. The ICTC was carrying on research to develop new qualities so that the imports could be completely stopped.

Import
Prices of
unmanufac-
tured tobac-
co rising but
export
prices
falling.

22. The following facts emerge from perusal of Tables I and II:—

- (i) The value of unmanufactured tobacco imported has gone up from Rs. 61·86 lakhs in 1953-54 to Rs. 165·59 lakhs in 1958-59, *i.e.* by 168%. Quantatively the corresponding increase has been only to the extent of 1·48 million lbs., a rise of nearly 65%.
- (ii) The price of unmanufactured tobacco imported during the period has risen from Rs. 2·7 per lb. to Rs. 4·4 per lb., *i.e.*, nearly 63%. [The values of imports shown in Table I are based on wholesale market prices and represent the wholesale cash price less import duties].
- (iii) As against the high rise in the price of imported unmanufactured tobacco the price of unmanufactured tobacco exported from the country during the same period has fallen from Rs. 1·57 in 1953-54 to Rs. 1·44 per lb. in 1958-59, *i.e.* by nearly 8%.

23. Thus, while there has been a substantial rise in the price during the period of tobacco imported not only has there been no corresponding rise in the price of unmanufactured tobacco exported but the prices fetched have fallen from those obtained in 1953-54. The Committee understood that there was severe competition among the tobacco exporters resulting in unhealthy market practices like undercutting of prices etc., which were injurious to the trade. They feel that this alone cannot fully explain the wide difference between the imported prices of unmanufactured tobacco and the prices fetched by exports. The Committee suggest that the reasons for the high price paid for imports as well as the

low price secured for the exports should be investigated and necessary steps taken to see that the prices for imports and exports bear a reasonable relation. They find it difficult to reconcile themselves to such a wide disparity between the differences in price during the period.

The Committee also recommend that research to develop high grade tobacco in the country should be vigorously pursued so that imports could be substantially reduced, if not totally stopped.

24. As regards exports the quantity exported declined from 99·86 million lbs. in 1956-57 to 93·74 million lbs. in 1957-58. The value increased from Rs. 1,382·65 lakhs to Rs. 1,582·51 lakhs during the corresponding period. The difference is accounted for by the increased value (Rs. 214·22 lakhs) of unmanufactured tobacco. Both the value and quantity of manufactured tobacco fell.

Increase of exports of unmanufactured tobacco but decline in exports of manufactured tobacco.

The export of tobacco, recorded an increase in the year 1958-59. In this case, though the volume of unmanufactured tobacco exported rose by nearly 11½ million lbs., the increase in value of total exports on this account come to about Rs. 6 lakhs only. There was, however, an increase by 63 million lbs. in the volume of manufactured tobacco exported, the rise in the value on this account amounting to Rs. 17·38 lakhs was more than proportionately higher. Thus, though the export of manufactured tobacco is clearly more profitable, its volume is low and has yet to regain the level of exports reached in 1956-57 of 4·41 million lbs. which was itself rather modest. On the other hand the export of unmanufactured tobacco has increased from 70·03 million lbs. in 1953-54 to 101·78 million lbs. in 1958-59 though the prices fetched have been going down. *Obviously the need is to encourage exports of manufactured tobacco in preference to unmanufactured tobacco. The Committee recommend that special steps for that purpose should be taken by Government.*

Export of manufactured tobacco more profitable—need for increasing such exports.

25. The Committee find that at present two agencies are dealing with the promotion of exports of tobacco viz., ICTC and the Tobacco Export Promotion Council. They were informed that by and large the functions which were principally entrusted to the ICTC were also being carried out by the Tobacco Export Promotion Council and were thus somewhat overlapping. The representative of the Ministry of Food and Agriculture agreed that the matter required further examination in consultation with the Ministry of Commerce and Industry and promised that this would be discussed with that Ministry. He, however, felt that it would be

Agencies dealing with the promotion of exports of tobacco.

difficult for the ICTC to take up the work done by the Tobacco Export Promotion Council because they had got to have some staff abroad. *In this connection, the Committee would refer to para 46 of their Hundred and Twenty-Ninth Report (Second Lok Sabha) on the Ministry of Food and Agriculture—The Directorate of Marketing and Inspection—wherein they have recommended the feasibility of setting up a Tobacco Board on the lines of Tea/Coffee Board which may combine the functions of the different organisations at present dealing with tobacco. If there is not enough justification for a separate Board for tobacco alone, the question of having a composite board for tobacco and certain other commodities may be considered.*

NEW DELHI;

April 5, 1961.
Chaitra 15, 1883 (Saka).

H. C. DASAPPA,

Chairman,
Estimates Committee.

APPENDIX I

(Vide para 7)

INDIAN CENTRAL TOBACCO COMMITTEE

(53)

<p>Six official members from the Central Government :</p> <p>Ministry of Food & Agriculture . . . 3</p> <p>Min. of Finance . . . 2</p> <p>Min. of Commerce & Industry . . . 1</p>	<p>Three consumers elected by the Parliament :</p> <p>Lok Sabha . . . 2</p> <p>Rajya Sabha . . . 1</p>	<p>Two co-operative representatives nominated by the Central Govt. :</p> <p>North India . . . 1</p> <p>South India . . . 1</p>	<p>Two representatives : Five nominees of the Central Government.</p> <p>Federation of Indian Chambers of Commerce and Industry . . . 1</p> <p>Associated Chambers of Commerce . . . 1</p>
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<p>Nine representatives from the State Departments of Agriculture :</p> <p>Andhra Pradesh . . . 1</p> <p>Bombay . . . 1</p> <p>Madras . . . 1</p> <p>Bihar . . . 1</p> <p>Uttar Pradesh . . . 1</p> <p>West Bengal . . . 1</p> <p>Orissa . . . 1</p> <p>Assam . . . 1</p> <p>Mysore . . . 1</p>	<p>Seventeen growers' representatives nominated by the Central Government on the recommendation of the State Governments :</p> <p>Andhra Pradesh . . . 5</p> <p>Bombay . . . 3</p> <p>Mysore . . . 2</p> <p>Madras . . . 1</p> <p>Bihar . . . 1</p> <p>Uttar Pradesh . . . 1</p> <p>West Bengal . . . 1</p> <p>Orissa . . . 1</p> <p>Assam . . . 1</p> <p>Madhya Pradesh, Punjab and Rajasthan by rotation . . . 1</p>	<p>Nine Trade representatives nominated by the Central Government after consulting appropriate trade organisations :</p> <p>Bidi tobacco . . . 2</p> <p>Cheroot tobacco . . . 1</p> <p>Cigar tobacco . . . 1</p> <p>Hookah tobacco . . . 1</p> <p>Chewing tobacco . . . 1</p> <p>Cigarette tobacco . . . 2</p> <p>Cigarette small manufacturers . . . 1</p>
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APPENDIX II

Statement showing the summary of Conclusions/Recommendations of the Estimates Committee contained in the Report.

Sl. No.	Ref. to para No. in the Report	Summary of Conclusions/Recommendations
1	2	3
1	5	Though the functions entrusted to the ICTC included marketing, it was paying attention to the development of the agricultural aspect only. In this connection, the Committee would refer to Chapter II of their Hundred and Twenty-Ninth Report (Second Lok Sabha) on the Ministry of Food and Agriculture—The Directorate of Marketing and Inspection wherein they have dealt with the question of marketing of tobacco at length and recommended among others the establishment of regulated markets for tobacco and of Producers' Co-operatives for grading.
2	6	It would be necessary and desirable for the Government to get people fully qualified in the technique of production of high class cigarettes so that more and more of indigenous manufacturers, who are in a small minority now, can be assisted with the technical 'know-how'.
3	8	It does not appear desirable that the Finance sub-Committee, which is more appropriately concerned with control and sanction of expenditure, should also act as the executive body. The Committee suggest that the desirability of having a separate Executive Sub-Committee may be examined.
4	11	The Committee recommend that the ICTC may in future include an Income and Expenditure Account in its Annual Report.
5	13	The Committee feel that the long term investments were made by the ICTC in Government Securities without due forethought as not long thereafter it found itself short of funds. They suggest that in such cases any surplus money should be invested only after very careful consideration of future requirements.

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| 6 | 14 | The Committee feel that expenditure on publicity and marketing should be exhibited separately from administrative expenses in the accounts. They also suggest that efforts should be made to arrest the upward trend in the administrative expenses of the Committee. |
| 7 | 15 | The Committee consider that it would be desirable to indicate in the Annual Reports the results of application of new methods of cultivation developed by the ICTC and its other allied achievements. |
| 8 | 16 | The Committee suggest that copies of the Annual Reports of the ICTC should also be laid on the Table of the House. |
| 9 | 18 | The Committee are not aware whether the quality of production of Virginia and other types of tobacco has shown any improvement and how far it has helped in giving increasing returns to the growers. |
| 10 | 23 | The Committee understood that there was severe competition among the tobacco exporters resulting in unhealthy market practices like under-cutting of prices etc., which are injurious to the trade. They feel that this alone cannot fully explain the wide difference between the imported prices of unmanufactured tobacco and the prices fetched by exports. The Committee suggest that the reasons for the high price paid for imports as well as the low price secured for the exports should be investigated and necessary steps taken to see that the prices for imports and exports bear a reasonable relation. They find it difficult to reconcile themselves to such a wide disparity between the differences in price during the period. |
| | | The Committee also recommend that research to develop high grade tobacco in the country should be vigorously pursued so that imports could be substantially reduced, if not totally stopped. |
| 11 | 24 | Obviously the need is to encourage exports of manufactured tobacco in preference to unmanufactured tobacco. The Committee recommend that special steps for that purpose should be taken by Government. |
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The Committee find that at present two agencies are dealing with the promotion of exports of tobacco *viz.*, the ICTC and the Tobacco Export Promotion Council. In this connection, the Committee would refer to para 46 of their Hundred and Twenty-Ninth Report (Second Lok Sabha) on the Ministry of Food and Agriculture—The Directorate of Marketing and Inspection wherein they have recommended the feasibility of setting up a Tobacco Board on the lines of Tea/Coffee Board, which may combine the functions of the different organisations at present dealing with tobacco. If there is not enough justification for a separate board for tobacco alone, the question of having a composite board for tobacco and certain other commodities may be considered.

APPENDIX III

(Vide Introduction)

Analysis of the recommendations contained in the Report

I. CLASSIFICATION OF RECOMMENDATIONS:

A. Recommendations for improving the organisation and working :

S. Nos. 1, 2, 3, 7, and 12.

B. Recommendations for effecting economy :

S. No. 6.

C. Miscellaneous :

S. Nos. 4, 5, 8, 9, 10 and 11.

II. ANALYSIS OF THE RECOMMENDATIONS DIRECTED TOWARDS ECONOMY.

S. No.	No. as per summary of recom- mendation	Particulars
1	6	Efforts to be made to arrest the upward trend in the administrative expenses of the Committee.
