

**Title:** Need to protect the interests of tobacco growers and tobacco industry in the country- Laid.

SHRI Y.V. RAO (GUNTUR) : Tobacco production and cigarette industry are a major source of livelihood for a large number of people in India. Tobacco and the allied industry is facing a lot of problems. The industry has shrunk by 10 % during the last financial year. Any further shrinking will adversely affect the livelihood of more than 2 million people engaged in this industry.

Cigarettes have been for quite long under specific duty structure. In March, 1987 specific duty structure was introduced for cigarettes. This scheme has been found to be simplified and more revenue generating.

I, understand that there is a move to impose VAT on tobacco and cigarettes. But it may not serve the purpose and may ultimately be counter-productive for the exchequer. It may also be mentioned here that WTO Agreement is very adversely affecting our tobacco growers and the tobacco industry. In case VAT is imposed this will further cripple the already shrinking tobacco industry in the post liberalization scenario.

I, therefore, urge upon the honourable Minister of Finance to consider continuing with the single point Central Tax levy on tobacco and cigarettes.