

THIRTY- FOURTH REPORT

ESTIMATES COMMITTEE

(1985-86)

(EIGHTH LOK SABHA)

MINISTRY OF COMMERCE

Action taken by Government on the Recommendations
Contained in the seventy-Eighth Report of
Estimates Committee (Eighth Lok
Sabha) on the Ministry of Commerce -
Tabacoo Board.



Presented to Lok Sabha on 28 July 1986

**LOK SABHA SECRETARIAT
NEW DELHI**

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CORRIGENDA TO THIRTY-FOURTH REPORT
OF ESTIMATES COMMITTEE (1986-87) ON
TOBACCO BOARD.

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INTRODUCTION

- I, the Chairman of Estimates Committee, having been authorised by the Committee to submit the Report on their behalf present this Thirty-Fourth Report on Action Taken by Government on the Recommendations contained in the Eighth Report of Estimates Committee (8th Lok Sabha) on the Ministry of Commerce—Tobacco Board.
2. The Eighth Report was presented to Lok Sabha on 9th August, 1985. Government furnished their replies indicating action taken on the recommendations contained in the Report by 11th June, 1986. The replies were examined by the Committee at their sitting held on 11th July, 1986 and draft Report was adopted by the Committee on the same date.
3. The Report has been divided into the following Chapters:
 - (i) Report.
 - (ii) Recommendations that have been accepted by Government.
 - (iii) Recommendations which the Committee do not desire to pursue in view of Government's replies.
 - (iv) Recommendations in respect of which replies of Government have not been accepted by the Committee.
 - (v) Recommendations in respect of which replies of Government are awaited.
4. An analysis of action taken by Government on the recommendations contained in the Eighth Report of Estimates Committee is given in Appendix. It would be observed

therefrom that out of 26 recommendations made in the Report 20 recommendations, i.e., about 77 per cent have been accepted by the Government and the Committee do not desire to pursue one recommendation, i.e., about 4 per cent in view of Government's reply. Replies of Government in respect of 2 recommendations, i.e. about 8 per cent have not been accepted by the Committee. Final replies in respect of three recommendations, i.e. 11 per cent are still awaited.

CHINTAMANI PANIGRAHI,

Chairman,

Estimates Committee.

NEW DELHI;

July 25, 1986

Sravana 3, 1908 (S).

CHAPTER I

REPORT

1.1 This Report of the Estimates Committee deals with Action taken by Government on the recommendations contained in their Eighth Report (8th Lok Sabha) on Tobacco Board, which was presented to Lok Sabha on 9th August, 1985.

1.2 Action Taken Notes have been received in respect of all the 26 recommendations contained in the Report.

1.3 Action Taken Notes on the recommendations of the Committee have been categorised as follows:

(i) Recommendations|Observations which have been accepted by the Government:—

Sl. Nos. 1, 3, 6, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, and 26.

(TOTAL 20, CHAPTER - II)

(ii) Recommendations|Observations which the Committee do not desire to pursue in view of Government's Replies:—

Sl. No. 25.

(TOTAL 1, CHAPTER - III)

(iii) Recommendations|Observations in respect of which Government's Replies have not been accepted by the Committee:—

Sl. Nos. 2 and 4.

(TOTAL 2, CHAPTER - IV)

(iv) Recommendations|Observations in respect of which final replies are still awaited:—

Sl. Nos. 5, 10 and 12.

(TOTAL 3, CHAPTER - V)

1.4 The Committee will now deal with action taken by Government on some of the recommendations.

Economist as Regular Member of the Board

Recommendation No. 2 (Para No. 1.19)

1.5 As maximisation of exports of Virginia and other exportable tobacco was the prime objective of the Tobacco Board, the Committee had recommended the appointment on the Board of an expert in tobacco economics, with specialisation in international trade in tobacco, in addition to the Agricultural Marketing Adviser.

1.6 In their reply the Ministry have stated that Section 4(4) (e) of the Tobacco Board Act, 1975 provides *inter-alia* for appointment as members persons who, in the opinion of the Central Government are experts in tobacco marketing or agricultural economics. The recommendation of the Committee has been noted.

1.7 The Committee observe that their recommendation for appointment on the Tobacco Board of an expert in tobacco economics with specialisation in international trade in tobacco has been 'noted' by the Government. The Committee however note that even though the Committee's Report was presented on 9th August, 1985, the Government did not take the steps to implement it while reconstituting the Tobacco Board on 6th September, 1985. The Committee desire that their recommendation should be implemented in letter and spirit and would reiterate that an expert in tobacco economics with long standing experience in tobacco exports and tobacco technology should be appointed on the Board on occurrence of a vacancy or on next reconstitution of the Board whichever is earlier.

Regional Committees

Recommendation No. 4 (Para No. 2.8)

1.8 In view of the variation in climate, nature of soil and cropping seasons effecting the needs and arrangements for supply of inputs to growers in different virginia tobacco growing regions of the country, the Committee had recommended the setting up of four Regional Committees of the Board—one each for Andhra

Pradesh, Karnataka and Gujarat and areas contiguous to those States and one for other virginia tobacco growing States-with a view to project and supervise the arrangements for regulation of production and marketing of virginia tobacco, coordination of research and extension, and supply of necessary inputs to the growers etc. with special reference to the peculiar problems of the respective States|regions.

1.9 In their reply the Ministry have stated that at present the Board has under the Tobacco Board (General) Regulation, 1984 formed three functional Committees viz. Production Committee, Marketing Committee and Executive Committee to look after the functions of the Board in respect of A.P. and Karnataka, there being no VFC tobacco at present in Gujarat and very little (only 200 MTs grown by 70 growers) in Maharashtra. These Committees meet in M. P. or Karnataka depending on the problems on hand in these States. It is therefore not considered necessary to have separate regional committees of the Board. The Tobacco Board has however been advised that the meetings of the Committees of the Board should be held both in A.P. and Karnataka. The recommendation of the Estimates Committee in this regard is thereby met.

1.10 The Committee are not convinced with the reasons advanced by Government for not agreeing to constitute Regional Committees on the ground that at present the Board has formed three functional Committees viz., Production Committee, Marketing Committee and Executive Committee to look after the functions of the Board in respect of Andhra Pradesh and Karnataka. The Committee are firmly of the view that these functional Committees by their very nature have to operate at macro-level, and can not subserve the purpose of Regional Committees. Regional Committees being manned by persons having basic knowledge of the concerned region and having more intimate contact with tobacco growers, could project and supervise the arrangements at micro-level more efficiently for production, marketing, research and extension and supply of necessary inputs in collaboration with State Governments and local authorities, wherever necessary, taking into consideration variations in climate, nature of soil, cropping seasons and existing arrangement for supply of inputs etc. in the respective regions. The Committee, therefore, reiterate that the Board should constitute at least three Regional Committees each for Andhra Pradesh, Karnataka and Maharashtra so that the problems of Virginia Flue Cured tobacco production peculiar to each region get due attention.

*Induction of Tobacco Scientist as Executive Director***Recommendation Sl. No. 5 (Para No. 2.13)**

1.11 The Committee had agreed with the Commerce secretary that there was need for a well-organised technical wing in the Tobacco Board, headed by a competent technical officer having adequate knowledge and experience to be able to provide extension services and technical advice to the farmers. He should have under him adequate number of technical officers. The status and scales of pay of the person heading the technical wing and of those under him should be such as to attract technically qualified and experienced men to the posts. The Committee had desired that the Ministry Board should give prompt attention to this matter.

1.12 In their reply the Ministry have stated that the Government have received a proposal in this regard from the Tobacco Board and it is under consideration.

1.13 The Committee would like to be apprised of the salient features of the proposal received from the Tobacco Board for creation of a well-organised technical wing and final action taken by Government in pursuance thereof, within a period of three months.

*Travelling Allowance***Recommendation Sl. No. 9 (Para No. 2.35)**

1.14 The Committee had hoped that estimates of expenditure would be computed by the Board in future more realistically at least at the stage of framing revised estimates, taking into consideration actual expenditure during the preceding 3 years, the cash flow trend observed during the current year and the projected activities of the Board or the concerned officers during the remaining part of the year.

1.15 In their reply the Ministry have stated that the recommendation has been noted and the Tobacco Board has been advised suitably.

1.16 The Committee would like to be furnished with a copy of the instructions issued to the Tobacco Board in this regard.

*Overlap of Functions with Directorate of Tobacco Development***Recommendation No. 10 (Para No. 2.40)**

1.17 The Committee had recommended that with a view to remove overlapping and duplication in the functions of the Tobacco Board, which was under the Ministry of Commerce and the Directorate of Tobacco Development under the Ministry of Agriculture, the two Ministries should go into the functions of both the Organisations and effect transfer of functions from one Organisation to the other as might be necessary. In this context the Committee had emphasised that the entire responsibility in regard to virginia tobacco should legitimately remain with the Tobacco Board.

1.18 On their reply the Ministry have stated that this recommendation is under consideration in consultation with the Ministry of Agriculture.

1.19 The Committee would like to be apprised of the final outcome of the steps taken in pursuance of their recommendation.

*Assessment of Demand***Recommendation No. 11 (Para No. 3.7)**

1.20 The Committee were not aware whether, in response to the recommendation of the Working Group on Comprehensive Tobacco Policy (1984) accepted by Government, an expert or consultant had been appointed. They had however emphasised the importance of collecting sufficient and accurate market intelligence-both foreign and domestic and of orientation of virginia tobacco production policy in the light thereof so as to avoid a situation of glut in supplies quite out of proportion to the overall demand affecting domestic and export prices.

1.21 In their reply the Ministry have stated that a proposal for appointment of a Technical Advisor to the Tobacco Board on a contract basis is under consideration. This consultant when appointed will also advise the Board's officers on matters relating to market intelligence both foreign and domestic relating to virginia tobacco.

1.22 The Committee would like to be apprised of the final outcome of the steps taken in pursuance of their recommendation.

*Pattern of Internal Consumption***Recommendation No. 12 (Para No. 3.14)**

1.23 The Committee had recommended that to effectively regulate the internal consumption of virginia tobacco by cigarette industry, the cigarette industry should be brought under the purview of the Tobacco Board Act, 1985 and the Act amended suitably for the purpose.

1.24 In their reply the Ministry have stated that the Tobacco Board Act, 1975 has been amended to provide that "no person shall process virginia tobacco or manufacture products therefrom unless he registers himself as such processor or manufacturer, as the case may be, with the Tobacco Board, in accordance with the rules made under this Act." Accordingly, manufacturers of cigarettes have been brought within the purview of the Act for purposes of registration with the Tobacco Board.

1.25 The question of bringing the Cigarettee industry which is now under Industries (Development & Regulations) Act, 1951 within the purview of the Tobacco Board Act, 1975 is being examined in consultation with the Ministry of Industry (Deptt. of I.D.).

1.26 The Committee would like to be apprised of the final outcome of the consultations going on with the Ministry of Industry and final action taken by the Government in pursuance of the Committee's recommendation.

Implementation of the Recommendations

1.27 The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should ensure expeditious implementation of recommendations accepted by them. In case it is not possible to implement a recommendation in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

1.28 The Committee also desire that the final replies in respect of the recommendations contained in Chapter V of this Report may be furnished to the Committee expeditiously.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Sl. No. 1 (Para No. 1.16)

The Committee are glad to note that the Government have decided in principle to raise the representation of growers on the Tobacco Board from four to six and that the proposal is before the Ministry of Law, Justice and Company Affairs with a view to bring up legislation to amend the Tobacco Board Act 1975. The Committee hope that the necessary legislation will be brought before Parliament soon.

The Committee attach equal importance to the necessity of appointing only *bona fide* growers as their representatives on the Board and urge the Government to lay down criteria and procedures for their selection/election with a view to ensure not only that growers representation on the Board is not usurped by any extraneous interest but also adequate representation is given to small and medium farmers.

Reply of Government

Section 4(4)(e) of the Tobacco Board Act, 1975 (4 of 1975) has been amended by the Tobacco Board (Amendment) Act, 1985 (No. 57 of 1985) providing for appointment of growers of tobacco not exceeding six as members of the Tobacco Board.

The Tobacco Board Rules, 1976 are being amended laying down criteria and procedures for appointment of *bona fide* growers of tobacco only and for ensuring representation *inter-alia* to small and medium farmers.

[Ministry of Commerce O.M. No. F. 4/22/85—EP (Agri. VI)
dated 16-5-1986]

Recommendation Sl. No. 3 (Para No. 1.23)

The Committee are of the view that for keeping an effective liaison with the cigarette manufacturers, who consume a substantial portion of tobacco production in the country, it is necessary that a

representative of cigarette manufacturers should be appointed as a regular member of the Tobacco Board. Such a step would also help in making the cigarette industry amenable to the broad policies of Tobacco Board.

Reply of Government

Shri N. Narayana Swamy, Managing Director, M/s Asia Tobacco Company Ltd. Madras has been appointed as a Member of the Board with effect from 4-9-1985 to represent Cigarette manufacturers.

[Ministry of Commerce O.M. No. F. 4/22/85—EP (Agri. VI)
dated 16-5-1986]

Recommendation Sl. No. 6 (Para No. 2.19)

The Committee are glad to note that in order to secure for the farmers of VFC tobacco a better price for their produce, the Ministry/Board has introduced the auction system of sale of tobacco in Karnataka State w.e.f. 1984 marketing season. The Committee, however, regret to note that the system could not be introduced simultaneously in Andhra Pradesh, which is the largest producer of VFC tobacco, and other producer States. The Committee strongly urge that the Ministry/Board should so time the provision of pre-requisite facilities and arrangements as to be able to introduce the auction system of sale of tobacco in Andhra Pradesh and other States at least from 1985 marketing season.

Reply of Government

The auctions system for sale of VFC Tobacco was introduced in Andhra Pradesh from 1985 marketing season.

There is now no VFC tobacco in Gujarat and very little (only 200 MTs grown by 70 growers) in Maharashtra. The question of introducing auctions in States other than A.P. and Karnataka will be considered when there is sizeable production of VFC tobacco in these states for marketing.

[Ministry of Commerce O.M. No. F. 4/22/85—EP (Agri. VI)
dated 16-5-1986]

Recommendation Sl. No. 7 (Para No. 2.25)

The Committee note that the average hectareage that each field officer is required to attend is 2737 in Andhra Pradesh and 3414 in Karnataka. The representative of the Ministry has admitted that the entire virginia tobacco growing area could not be covered so

far. The Committee would like the Board|Ministry to assess annually whether the number of field officers is adequate to effectively cover the area under virginia tobacco cultivation and to adjust the strength suitably in the light of such assessment.

Reply of Government

The Committee's recommendations will be kept in mind in assessing the number of field staff from time to time and necessary action taken consistent with requirements of economy and efficiency.

[Ministry of Commerce O.M. No. F. 4/22/85—EP (Agri. VI)
dated 16-5-1986]

Recommendation Sl. No. 8 (Para No. 2.31)

The Committee are surprised to find that important senior level posts in the Board have remained un-filled for as long as 5 years. Whatever be the formalities for selection of a candidate, such delays in filling up the posts cannot be ignored. Unless officers at senior levels are in position to give proper and timely guidance, it is difficult to conceive that the Board could function as efficiently as it should during the period the posts had been kept vacant. The Committee would like the Ministry/Board to make serious efforts in future to fill up the vacancies expeditiously so that the activities of the Board are not hampered.

Reply of Government

All the posts of Managers have been filled up.

[Ministry of Commerce O.M. No. F. 4/22/85—EP (Agri. VI)
dated 16-5-1986]

Recommendation Sl. No. 9 (Para No. 2.35)

The Committee hope that estimates of expenditure would be computed by the Board in future more realistically at least at the stage of framing revised estimates, taking into consideration actual expenditure during the preceding 3 years, the cash flow trend observed during the current years and the projected activities of the Board or the concerned officers during the remaining part of the year.

Reply of Government

The recommendation has been noted and the Tobacco Board has been advised suitably.

[Ministry of Commerce O.M. No. F. 4/22/85—EP (Agri. VI)
dated 16-5-1986]

Recommendation Sl. No. 11 (Para No. 3.7)

The Committee are not aware whether, in response to the recommendation of the Working Group on Comprehensive Tobacco Policy (1984) accepted by Government, an expert or consultant has been appointed. They would however emphasise the importance of collecting sufficient and accurate market intelligence—both foreign and domestic and of orientation of virginia tobacco production policy in the light thereof so as to avoid a situation of glut in supplies quite out of proportion to the overall demand affecting domestic and export prices.

Reply of Government

As mentioned against recommendation No. 5 (Para No. 2.13 of the Report) a proposal for appointment of a Technical Adviser to the Tobacco Board on a contract basis is under consideration. This consultant when appointed will also advise the Board's officers on matters relating to market intelligence—both foreign and domestic, relating to virginia tobacco.

[Ministry of Commerce O.M. No. F. 4/22/85—EP (Agri. VI)
dated 16-5-1986]

Recommendation Sl. No. 13 (Para No. 3.20)

The Committee are informed that though the Board has authority to prosecute a person who grows virginia tobacco in violation of the law, the Board has made the growing of virginia tobacco by unregistered farmers unattractive by denying to such cultivators the benefit of supply of coal and other inputs at controlled rates which is available to the registered cultivators only. The other method adopted by the Board is registration of barns and the facility of sale of virginia tobacco by Auction being confined to owners of registered barns. The Committee hope that this policy is really discouraging cultivators from planting virginia tobacco surreptitiously without registration. They would however like the Board to also make a

random survey from time to time to see whether the policy adopted by them is giving positive results or some other measures including prosecution of law-breakers are call for.

Reply of Government

The Tobacco Board has been asked to undertake review accordingly from time to time and take suitable action in accordance with the provisions of the Tobacco Board Act, 1975.

[Ministry of Commerce O.M. No. F. 4/22/85—EP (Agri. VI)
dated 16-5-1986]

Recommendation Sl. No. 14 (Para No. 3.26)

The Committee are perturbed to find that funds earmarked during 1981-82 and 1982-83 for "regulation and development of tobacco" have remained substantially unutilised. Not satisfied with the reasons adduced for non-implementation of technical programmes during these years, the Committee would like the Ministry to accord priority to these programmes which the Committee believe have a direct bearing on development and modernisation of virginia tobacco production, by not only providing adequate funds for the purpose but also availing of these funds according to a well laid out plan.

Reply of Government

The recommendation has been noted for necessary action.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 15 (Para No. 3.35)

It is essential that the virginia tobacco cultivators get inputs like coal, firewood, seeds, potassium sulphate, fertiliser and pesticides of good quality, in sufficient quantities and on time. It should be the endeavour of Tobacco Board to ensure the availability of these inputs to the cultivators. Since different agencies are responsible for the supply of these inputs to the cultivators, it is for the Tobacco Board to effectively coordinate with the various agencies and, if possible, arrange for a single window delivery of all the inputs. It is also necessary to ensure that the benefit of supply of quality inputs at controlled rates is not misutilised. The Board should therefore devise the system of issuing permits to the registered farmers

in respect of each input against which the agencies concerned might release supplies on priority and preferential basis, as has been done for supply of coal to the cultivators.

The Committee appreciate that as a result of the efforts of the Tobacco Board a few banks agreed to offer loans to the farmers of virginia tobacco for 1984 crop season. They hope that the Board would continue its efforts in this direction and agricultural loans would be available to farmers in Karnataka, Andhra Pradesh, Gujarat and other States from a larger number of banks during 1985 crop season and also subsequent seasons.

Reply of Government

The recommendation has been noted for necessary action.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 16 (Para No. 4.8)

The Committee regret that the Tobacco Board has not given due importance to 'scientific, technological and economic research' on virginia tobacco as is evident from the fact that as against the Budget Estimates for this head for 5 years (1979-84) totalling Rupees two lakhs (which was revised to Rs. 65,000/-), the actual expenditure under the head was mere Rs. 37,737/-. While the Committee agree that there is no need for a separate research organisation being built up within the Tobacco Board, they would emphasise that greater attention should be paid by the Board for promoting and financing research projects in the existing research institutions such as the Central Tobacco Research Institute, Rajahmundry. For this purpose adequate provision should be made in the budget of the Tobacco Board. Specific research projects based on the problems faced by the farmers in containing diseases or increasing production etc. should be farmed out to the research institutions and these should be properly monitored and their progress assessed from time to time at the Board level to ensure that the financial support extended to the research institutions is fruitfully utilised.

Reply of Government

The recommendation has been noted for necessary action in consultation with CTRI.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 17 (Para No. 4.11)

The Ministry have stated that the economic feasibility of the solar barn is yet to be established and also that it could be useful in Andhra Pradesh and not in Karnataka. As Andhra Pradesh produces about 80 per cent of the total production of virginia tobacco and the number of big and medium farmers there is sizable, the Committee feel that research in designing and developing a cheaper solar barn should continue.

Reply of Government

The recommendation has been noted for future follow-up with the CTRI.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 18 (Para No. 4.15)

In view of the fact that the use of JTS Jackets costing only Rs. 600 could reduce the fuel consumption on curing of tobacco by about 30 per cent and the curing time by about 10 per cent, and also the fact that it could be used in all the Virginia tobacco growing regions in the country, the Committee recommend that the Tobacco Board should make special propaganda efforts through the various mass media to popularise, the use of these jackets for which a subsidy to the extent of Rs. 200 is also available.

Reply of Government

In keeping with the recommendations of the Estimates Committee, it has been decided that the Tobacco Board should launch a programme for the popularisation/Supply of J.T.S. Jackets in 1985-86.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86]

Recommendation Sl No. 19 (Para No. 4.19)

The Committee recommend that in the scheme of subsidy, greater benefit should be given to the small farmers.

Reply of Government

The recommendation has been noted for compliance.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 20 (Para No. 4.27)

The Committee are disappointed to note that even eight years after the setting up of the Tobacco Board in 1976 only about 10 per cent of the cultivation of virginia tobacco is carried on by modern technical methods and improved practices. The Committee were informed in another context that only about 17 per cent of the cultivators of virginia tobacco are small farmers owning less than five acres of land. It should not be difficult for the remaining 83 per cent comprising big and medium farmers to adopt latest techniques and practices for cultivation and curing of tobacco because the constraints of higher expenditure, as averred by the Ministry, should not normally apply to them. What appears to be lacking is an intensive extension programme to make the farmers aware of the benefits of adopting latest techniques and practices. The Committee therefore recommend that the Tobacco Board should, in coordination with State Departments of Agriculture, intensify extension efforts so as to be able to convince a larger number of virginia tobacco growers of the economic benefits of adopting latest techniques and practices for cultivation and curing of virginia tobacco.

Reply of Government

The Tobacco Board has strengthened its field staff by recruiting more Field Assts. and Field Officers.

They will work in close coordination with the extension staff of the Department of Agriculture to avoid duplication and to make full advantage of the work shops organised by the State Government under the T & V system.

The recommendation of the Estimates Committee thus stands implemented.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 21 (Para No. 5.7)

Tobacco Leaf Purchase Voucher (TLPV) Scheme was introduced by the Tobacco Board with the backing of the Reserve Bank of India to mitigate the problem of long delays in payments for sale of Virginia tobacco to the growers by the traders of consumers. Even when the sales are made under this scheme, cases have come to light when the purchasers have defaulted in making payments. At present the Board has no remedy in such cases except de-registration, or non-registration in future, of the trader/consumer con-

cerned. The Committee are informed that under the auction system of sale of tobacco, the problem is likely to disappear as the purchaser under such a system has to give bank guarantee against which payment is made to the grower by the Board itself. The problem would however remain in areas where auction system has not yet been introduced i.e., in Andhra Pradesh and Gujarat, and in cases where the farmer does not sell his tobacco under the auction scheme. The Committee learn that the amendments to the Tobacco Board Act proposed to be brought before Parliament also provide for punishment to be meted out to violators of the regulations laying down the TLPV Scheme. The Committee hope that the amending legislation would be brought before Parliament at the earliest to enable the Board to prosecute purchaser of virginia tobacco under the TLPV Scheme who default in making payments to the growers within a specified time.

Reply of Government

Section 25 of the Tobacco Board Act has been amended, bringing the violations of Regulations also under the penal provisions of the Act, so that the offenders can be prosecuted. However, the auction scheme has been extended to A.P. also. T.L.P.V. regulations have been repealed since in auction payment is ensured by the Board within the stipulated time as per Auction regulations.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI) dated 16-5-86].

Recommendation Sl. No. 22 (Para No. 5.14)

Innocent small farmers who, under the lure of fancy prices for their tobacco, give their produce to unregistered purchasers on credit basis and thereby get duped, have at present no one to look to for assistance. For instance, three companies alone owe more than Rs. one crore to such farmers. The Committee feel that the Tobacco Board should be able to intervene in such cases also and secure justice to the farmers by prosecution of the purchaser in a Court of Law. More deregistration of companies indulging in such nefarious activities is not enough as it helps the cheated farmer in no way. If the Board has no such power at present, the Committee would like such power to be made available to the Board through an amendment to the relevant Act.

Reply of Government

With the introduction of auction in Karnataka and A.P. where 99 per cent of virginia tobacco is grown payments are made to the growers by the Tobacco Board in a time bound manner.

In respect of sale of virginia tobacco by growers prior to the auctions under TLPV Scheme, where payments have not yet been made by the purchasers, necessary action is initiated by the Tobacco Board. Provision also exists under the Tobacco Board Act, to order prosecution of the defaulters with the previous permission of the Central Government. The Board has been advised to resort to this provision whenever warranted.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 23 (Para No. 5.19)

The Committee are inclined to agree with the recommendations of the Working Group (1984) that the Tobacco Board itself should be made a stabilising agency in so far as domestic and export prices of virginia and other exportable varieties of tobacco are concerned, and recommend that in the event of excess production of virginia tobacco in future, the Tobacco Board itself, instead of the State Trading Corporation, should enter the market and mop up the excess so that reasonable prices are assured to the cultivators.

Reply of Government

Auction Scheme has been introduced in Karnataka and Andhra Pradesh. According to Regulation No. 21 of the auction Regulation, 1984, properly graded tobacco for which no bids are received from the buyers/traders, is purchased by Trading Wing of Tobacco Board at such prices as may be specified by the Board from time to time.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 24 (Para No. 5.25)

Proper grading of tobacco at the farm level is important and necessary to enable the farmers to secure remunerative prices for the various types of tobacco grown by them. The role of the field staff of the Tobacco Board in educating the farmers in proper grading of their tobacco therefore assumes considerable importance. The Committee would like this activity of the Board to be stepped up.

Reply of Government

Proper grading of tobacco in terms of notified farm/plant position grades is a pre-requisite for conducting better auction sales and to ensure better price realisation to the farmer as well as in meeting

grade-wise crop requirement of the trade. During the auctions in A.P. and Karnataka extensive efforts were made by the Board by appointing farm grading inspectors to educate the farmers on proper grading.

To inculcate the habit of grading tobacco into notified grades at farm level field assistants have been recruited who are positioned at village level. These field assistants are being trained to keep them abreast of the notified farm grades so as to enable them to disseminate the latest developments and to closely supervise the grading at farm level. Efforts are also under way to establish commercial community grading centres.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 24 (Para No. 5.26)

The Committee would again emphasise that budget estimates initially, and later on the revised estimates should be framed realistically in the light of targets set and progress of achievement so that the scope of variations between estimates and actual expenditure is the minimum. As it is these variations are very wide under the head "Improvement and Maintenance of Marketing Facilities" which the Committee deprecate.

Reply of Government

The recommendation has been noted.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 26 (Para No. 6.12)

Export duty on tobacco certainly reduces the competitiveness of Indian tobacco in the international market. The Committee, therefore, would like the Ministry of Commerce and Ministry of Finance to jointly consider the economic advantage of abolition or reduction of duty as against the likely additional inflow of foreign exchange by consequential increase in exports.

Reply of Government

The export duty on Unmanufactured Tobacco has been abolished in the Budget for 1986-87.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation Sl. No. 25 (Para No. 69)

While the Committee appreciate attributing reasons for the non-achievement of targets to sudden trade fluctuations in certain foreign markets, they are distressed at the decline in exports primarily on account of tobacco of inferior quality having been exported against earlier orders. In this context the Committee have been informed that whereas one of the statutory functions of the Tobacco Board is regulation of export of virginia tobacco and maintenance and improvement of existing markets and development of new markets outside India for this variety of tobacco, the functions of assuring quality of the tobacco exported through inspection is exercised by the Ministry of Rural Development. The Committee consider this arrangement as rather anomalous and unsatisfactory. They recommend that the functions of quality inspection in respect of virginia tobacco exports should appropriately be transferred to the Tobacco Board so that effective checks could be exercised in this regard and in future there are no complaints on this scope from foreign importers.

The Committee also suggest that there should be a provision for taking punitive action against unscrupulous traders who deliberately export sub-quality goods, thereby lowering the image of the country in the international market and affecting adversely our export effort.

Reply of Government

The recommendation has been examined in consultation with the Ministry of Agriculture and Rural Development (Deptt. of Rural Development).

It may be mentioned that the Directorate of Marketing and Inspection under the overall charge of the Department of Rural Development is carrying out inspection and grading of tobacco before export since 1945. Over this long period of 40 years, the

Directorate of Marketing and Inspection has acquired the expertise and has built up the requisite infrastructure. "Agmark" is now well known as a mark of quality and has attained international recognition. Admittedly in 1982-83 there was a complaint from China in regard to quality of tobacco exported. Since then all appropriate measures have been taken to strengthen "Agmark" so as to ensure that incidents of this nature do not recur.

Government are of the view that quality control inspection before export of tobacco should continue to be under "Agmark".

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT'S REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation Sl. No. 2 (Para No. 1.19)

As maximisation of exports of Virginia and other exportable tobacco is the prime objective of the Tobacco Board the Committee recommend the appointment on the Board of an expert in tobacco economics, with specialisation in international trade in tobacco, in addition to the Agricultural Marketing Adviser.

Reply of Government

Section 4(4) (e) of the Tobacco Board Act, 1975 provides *inter alia* for appointment as members persons who, in the opinion of the Central Government are experts in tobacco marketing or agricultural economics. The recommendation of the Committee has been noted.

[Ministry of Commerce O.M. No. F. 4/22/85 EP (Agri. VI)
dated 16-5-86].

Recommendation Sl. No. 4 (Para No. 2.8)

In view of the variation in climate, nature of soil and cropping seasons affecting the needs and arrangements for supply of inputs to growers in different Virginia tobacco growing regions of the country, the Committee recommend the setting up of four Regional Committees of the Board—one each for Andhra Pradesh, Karnataka and Gujarat and areas contiguous to these States and one for other Virginia tobacco growing States—with a view to project and supervise the arrangements for regulation of production and marketing of Virginia tobacco, coordination of research and extension, and supply of necessary inputs to the growers etc. with special reference to the peculiar problems of the respective States/region.

Reply of Government

At present the Board has under the Tobacco Board (General) Regulation, 1984 formed three functional Committee viz. production Committee, Marketing Committee and Executive Committee to

look after the functions of the Board in respect of A. P. and Karnataka, there being no VFC tobacco at present in Gujarat and very little (only 200 MTs grown by 70 growers) in Maharashtra. These Committees meet in A.P. or Karnataka depending on the problems on hand in these States. It is therefore not considered necessary to have separate regional committees of the Board. The Tobacco Board has however been advised that the meetings of the Committees of the Board should be held both in A.P. and Karnataka. The recommendation of the Estimates Committee in this regard is thereby met.

(Ministry of Commerce O.M. No. F 4|22|85 EP (Agri VI)
dated 16-5-86)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES ARE STILL AWAITED

Recommendation Sl. No. 5 (Para No. 2.13)

The Committee agree with the Commerce Secretary that there is need for a well-organised technical wing in the Tobacco Board, headed by a competent technical officer having adequate knowledge and experience to be able to provide extension services and technical advice to the farmers. He should have under him adequate number of technical officers. The status and scales of pay of the person heading the technical wing and of those under him should be such as to attract technically qualified and experienced men to the posts. The Committee trust that the Ministry/Board will give prompt attention to this matter.

Reply of Government

Government have received a proposal in this regard from the Tobacco Board and it is under consideration.

Recommendation Sl. No. 10 (Para No. 2.40)

The Committee recommend that with a view to remove overlapping and duplication in the functions of the Tobacco Board, which is under the Ministry of Commerce and the Directorate of Tobacco Development under the Ministry of Agriculture, the two Ministries should go into the functions of both the Organisations and affect transfer of functions from one Organisation to the other as may be necessary. In this context the Committee would emphasise that the entire responsibility in regard to virginia tobacco should legitimately remain with the Tobacco Board.

Reply of Government

This recommendation is under consideration in consultation with the Ministry of Agriculture.

Recommendation Sl. No. 12 (Para No. 3.14)

The Committee recommend that to effectively regulate the internal consumption of virginia tobacco by cigarette industry, the cigarette industry should be brought under the purview of the Tobacco Board Act, 1975 and the Act amended suitably for the purpose.

Reply of Government

The Tobacco Board Act, 1975 has been amended to provide that "no person shall process virginia tobacco or manufacture products therefrom unless he registers himself as such processor or manufacturer, as the case may be, with the Tobacco Board, in accordance with the rules made under this Act." Accordingly, manufacturers of cigarettes have been brought within the purview of the Act for purposes of registration with the Tobacco Board.

The question of bringing the Cigarette industry which is now under Industries (Development & Regulations) Act, 1951 within the purview of the Tobacco Board Act, 1975 is being examined in consultation with the Ministry of Industry (Deptt. of I.D.)

APPENDIX

(Vide Introduction)

Analysis of action taken by Government on the Eighth Report of Estimates Committee (8th Lok Sabha)

I.	Total number of recommendations	26
II.	Recommendations which have been accepted by Government (Sl. Nos. 1, 3, 6, 7, 8, 9, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, & 26)	20
	Percentage of total	77%
III.	Recommendations which the Committee do not desire to pursue in view of Government's Replies (Sl. No. 25)	1
	Percentage to total	4%
IV.	Recommendations in respect of which Government's Replies have not been accepted by the Committee (Sl. No. 2 and 4)	2
	Percentage to total	8%
V.	Recommendations/Observations in respect of which final replies are still awaited (Sl. Nos. 5, 10 and 12)	3
	Percentage to total	11%