

COMMITTEE ON THE WELFARE OF
SCHEDULED CASTES AND
SCHEDULED TRIBES

[English]

Twenty-fifty, twenty-sixth, twenty-seventh and twenty-eighth Reports

SHRI K. D. SULTANPURI (Simla) : I beg to present the following Reports (Hindi and English versions) of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes :

- (1) 25th Report on Action Taken by Government on the recommendations contained in the 13th Report (Eighth Lok Sabha) on the Ministry of Home Affairs—Socio-economic conditions of Scheduled Castes and Scheduled Tribes in the Union Territory of Arunachal Pradesh.
- (2) 26th Report on Action Taken by Government on the recommendations contained in the 14th Report (Eighth Lok Sabha) on the Ministry of Finance (Department of Economic Affairs—Banking Division)—Reservations for, and employment of Scheduled Castes and Scheduled Tribes in Canara Bank and Credit facilities provided by the Bank for Scheduled Castes and Scheduled Tribes.
- (3) 27th Report on Action Taken by Government on the recommendations contained in the 11th Report (Eighth Lok Sabha) on the Ministry of Welfare—Atrocities on Scheduled Castes and Scheduled Tribes.
- (4) 28th Report on Action Taken by Government on the recommendations contained in the 13th Report (Eighth Lok Sabha) on the Ministry of Welfare—Working of Integrated Tribal Development Projects in Andhra Pradesh.

12.08 hrs.

CALLING ATTENTION TO MATTER OF
URGENT PUBLIC IMPORTANCE

[English]

Situation arising out of non-confirmation/reduction in orders for purchase of tobacco

SHRI V. SOBHANADREESWARA RAO (Vijayawada) : I call the attention of the Minister of Commerce to the situation arising out of non-confirmation/reduction in orders for purchase of tobacco by certain countries resulting in exploitation of tobacco growers and the steps taken by the Government to ensure remunerative support price for tobacco.

THE MINISTER OF COMMERCE (SHRI P. SHIV SHANKER) : Sir : Flue Cured Virginia (FCV) tobacco is grown largely in Andhra Pradesh and Karnataka. *(Interruptions)*

MR. SPEAKER : Order please...there is too much noise in the House. Is the House interested in this business; or are they interested in talking among themselves all around ? There is too much of talking. I do not like it. I would like the House to hear him now.

SHRI P. SHIV SHANKER : Sir, Flue Cured Virginia (FCV) tobacco is grown largely in Andhra Pradesh and Karnataka. The production of FCV tobacco which has been fluctuating is estimated to be about 106 million kgs. in 1986-87, the production in Andhra Pradesh being placed at 90 million kgs. The exports which had reached a peak level in 1981-82 have been of the order of 52 million kgs. in the last two years.

The major export markets for Indian tobacco have been USSR and other East European countries; UK and other West European countries; Middle East countries, North and West Africa and Nepal. Small quantities have been exported to Japan, Australia and New Zealand. USSR which has been by far the major buyer of Indian tobacco and purchased 35800 tonnes during 1983 has gradually reduced its purchases.

During 1986 Soviet purchases were 24998 tonnes. The black soil tobacco of Andhra Pradesh is exported largely to the Soviet Union and other East European countries. For 1987, indications are for purchases of lesser quantity. So far they have placed orders for 14,000 tonnes.

The Hon'ble Members are aware that a system of auction of tobacco was started in Karnataka in 1984 and in Andhra Pradesh in 1985. The auctions are carried out by the Tobacco Board. As in the case of several other agricultural commodities there is a Minimum Support Price (MSP) for virginia tobacco fixed by Government on the recommendation of the Commission for Agricultural Caste and Prices (CACP), which take into consideration the cost of production and the reasonable return to the farmer. The MSP is notified by the Government for the two most common grades, namely F-2 grade grown in black soil and L-2 Grade grown on light soil. For other grades MSP is worked out by the Tobacco Board. The MSP for the crop sown in 1986 which is now being marketed was fixed at Rs. 11.15 per kg. for F-2 grade and Rs 12 per kg. for L-2 grade.

The export of tobacco has been subject to meeting "Agmark" grade specifications. Minimum Export Prices (MEP) are fixed for various 'Agmark' grades on the basis of the recommendation made by the Tobacco Board to ensure proper quality of exported tobacco. In working out the MEP, elements like processing and re-drying charges, stripping, baling and cost of packing, interests etc., are also taken into account. The MEP for 1987 has been retained at 1986 level to ensure competitiveness of Indian tobacco in the international market.

The tobacco auctions started this year in Andhra Pradesh in the second week of February. Because of the sluggish demand in the export market as well as for the domestic market, the prices have declined. Upto the 21st April, 1987, 36.90 million kgs. had been auctioned at an average price of Rs. 10.45 per kg. Sir, I would like to add here that the quantity has risen by 38,000 tonnes till yesterday evening. The price for the superior grades realised have

been better compared to other grades of tobacco.

The Ministry of Commerce and the Tobacco Board have taken a series of measures to meet the situation and to assist the farmers. The steps taken *inter-alia* are :

- (i) The Tobacco Board has offered to purchase whatever tobacco is offered at the MSP. The Board has purchased more than one million kgs. upto 21.4.1987. Government have placed the necessary funds at their disposal for the required margin money to enable them to raise funds from the commercial banks.
- (ii) The State Trading Corporation has started making commercial purchase of tobacco. They have started purchase and have authorised the officials of the Board to buy tobacco exports at all the floors. STC has purchased 6.45 lakh kgs. upto 21.4.1987.
- (iii) The A.P. State Tobacco Growers' Cooperative Union has also been provided with a crore of rupees by the State Government for purchasing tobacco. They have now entered the market.
- (iv) The USSR have been requested to immediately start their purchases and also to purchase the maximum quantity that they can. I have mentioned this to the high level delegation which visited India recently. I understand, they have already placed orders for 14,000 tonnes, the dialogue with them will continue.
- (v) The Tobacco Board is making efforts to find new markets and has held discussions with Bulgarian buyers and with delegations from Czechoslovakia and China. They are exploring other potential markets in Europe and North Africa,

- (vi) I met the Heads of the leading cigarette manufacturing companies in India and have requested them to steps up their purchases at the auctions. They have agreed to do so.
- (vii) The State Government has been requested to make available coal to the farmers on soft terms.
- (viii) Shortage of power has been reported from Andhra Pradesh resulting in power cuts which have affected thrashing plants and re-drying units of tobacco for exports. Government of Andhra Pradesh has been requested to exempt tobacco processing units from power cuts.
- (ix) Tobacco Board, under the instructions of the Ministry, has re-fixed the MSP for F-1 grade and for all grades from F-3 to F-10. This results in an upward revision varying between 40 paise to 90 paise per kg. for different grades. With these measures it is expected that the market would stabilise.

A suggestion has been made to increase the MSP to meet the situation. The Hon'ble Members would appreciate that the MSP is determined on the basis of the cost studies, reasonable return to the farmers and incentives based on national priorities for different crops etc. worked out by CACP. The MSP for 1986 crop which is now being marketed as mentioned earlier was notified last year. The report for 1987 crop has been received and is being examined and we expect to notify shortly the MSP for the next-season.

As regards the suggestion for bringing cigarette manufacturing industry within the pur-view of the Tobacco Board Act, I may mention that cigarette industry is at present covered by Industries (Development and Regulation) Act, 1951. However, the Tobacco Board Act has been amended to require registration with the Tobacco Board of all persons processing virginia tobacco or manufacturing products therefrom. A repre-

sentative of the cigarette industry is also included in the Board to bring about coordination between tobacco growers and the cigarette industry.

SHRI V. SOBHANADREESWARA RAO : Mr. Speaker, the tobacco growers in Andhra Pradesh are facing really a serious situation for the first time after the introduction of auction system in Andhra Pradesh two years back. This is mainly due to the reduction of export order as stated by the Minister in his statement. In addition to that reason, the traders and the manufacturers come to a collusion, come to an understanding to pin down prices to be given to the farmer; this is another reason for facing a serious situation. Also certain improper decisions of the Tobacco Board and the Union Government are also partly responsible for this state of affairs, due to which the growers are exploited to a great extent.

Just now the Hon. Minister has told that nearly 38 million kg of tobacco had been sold as on yesterday. But during the same period last year, more than 60 million kg of tobacco was sold. The Minister has admitted that the average price realised is Rs. 10.45 per kg. But this is against the average price of Rs 12.85 realised during last year. In respect of other lower grade, the difference is sometimes more than Rs. 3. In this way, this denial of just price to the farmer varying from Rs. 2 50 per kg. to Rs. 3 per kg is making the farmers lose Rs. 30 crores. They are exploited to that extent. The Government should take several measures to come to the rescue of the farmer, the tobacco grower, on whose produce this Government is getting nearly Rs. 1400 crores in the form of excise duties and other taxes, in addition to valuable foreign exchange to the tune of Rs. 200 crores.

It is a fact that our exports to Russia and other East European countries are going down and down from 32 million kg to 25 million kg and only 14 million kg. The Hon. Minister, some time back, as far back as the second week of March this year, when we represented to him, promised that he would hold high level talks with the Russian

people, in fact, the growers were expecting so much but they are very much disappointed to find that the Russians have not increased the export order and they have stuck to their original order of 14000 tonnes. We have to make fresh efforts in several other countries as our Hon. Minister has stated, in several other markets in the world which are to be explored. And it is a happy sign that at least U.K. and some other countries are giving more export orders for us we want to bring to the notice of the Hon. Minister, as per information available to us, if our Government can agree for export of tobacco and import of some commodities from Egypt and Algeria, our information is, there is ample scope to export 6000 tonnes of tobacco to Egypt and 2000 tonnes of tobacco to Algeria. I request the Government to explore this possibility in the interest of farmers and in the overall interest of our country.

The Government should ensure very strict pre-shipment quality control. Earlier there were bitter experiences when some exporters did not stand up to the samples and the tobacco exported to those countries was returned to our country — for example from China—and this got a very bad reputation for our tobacco in the export markets. Such type of things should not be repeated and the Government should take all possible steps to ensure strict quality control so that there is no deviation from the sample and the tobacco that is actually exported.

This year, for your information, only 100 traders are participating in the auction as against 150 traders who participated last year. And the amount necessary to purchase all the quantity that is brought on to the platform in Andhra Pradesh, this season, it will be around one hundred crores. But till today these companies traders have made bank limits up to only Rs. 42 crores. So, there is a lot of difference and this situation is quite alarming. I want the Government to take note of this. Unless the Government takes some administrative measures and certain legal measures, the situation will not improve. In fact, the Hon Minister told us and we are very happy that the STC has been asked to purchase tobacco to relieve the farmers from these distress conditions to come to the rescue of the farmers. I am very

sorry to state that it has not been able to do to the extent which is expected from it. In 1983, 18000 tonnes was purchased by STC. But this year till 18th April only 530 tonnes of tobacco valued at Rs. 65 lakhs was purchased whereas in 1983 Rs. 21 crores worth of tobacco was produced. Our information is—and it is very reliable information—that the STC has asked the agents and in some instances even platform superintendents to purchase tobacco belonging to F-1 and F-2 grades. What is the rationale? Somehow an impression was given to the Government that F3 and lower grades of tobacco was produced by the small and marginal farmers. I am sorry to say that. Irrespective of the holdings, the tobacco that is produced in the land some will be F1 quality, some will be F2 quality and some lower quality also. I urge upon the Government that there is no rationale in not purchasing F3 and lower grade tobacco.

The present rate fixed by STC is Rs. 13 50 per kg for F1 grade, and Rs. 12 50 for F2 grade. It has no rationale and justification. In 1983 STC purchased tobacco from the growers at Rs. 12 50 to Rs. 13.00 for F1 grade. Four years have passed. During these four years, has not the cost of production increased due to increase in prices of fertilisers, labour wages, coal prices and other things. Then what is the rationale? Actually the average price realised in 1985 season for F1 grade was Rs. 15.31 and in the year 1986 it was Rs. 15.66 per kg. When the things bring like that, what is the justification for STC fixing it now at Rs. 13.50. My submission is that if really the STC and the Government of India want to help the tobacco growers, please fix the price for F1 grade at Rs. 15/- and for F2 at Rs 14/- and for lower grades in relation to the average price at which different grades of tobacco was purchased. After all, there is nobody to manipulate. There are complete statistics with the tobacco Board and the Government of India. Certainly we can arrive at a certain decision which will really help the farmers and it will also help tobacco being purchased by STC.

It was assured that Tobacco Board would purchase all the tobacco that would be needed and that there would not be any financial constraint. But the Tobacco Board

had purchased only 583 tonnes till only a few days back. Now the Minister says that it is around 1000 tonnes. The Hon. Minister said in his statement that the rates for F1 and other grades were enhanced. This enhancement also has no rationale because you have been keeping the minimum support prices at the same level for the last three years because you are stated to be in competition with the tobacco producers of other countries in the world market. For that why should the tobacco growers suffer? You give cash compensatory support to the exporters to make our tobacco competitive in the world market and also to enable them to give higher prices for Tobacco purchased from growers. But you are denying tobacco growers just prices. Except tobacco is there any other commodity the price of which has not been enhanced for three years? So I request the Government to be quite realistic and bring a modification to the recent order which you have given in regard to the MSP prices.

Sometimes, the problem is that very less quantity of tobacco is purchased. And the hard reality is that this year abnormal delay has taken place. Now the farmers have really correctly graded the tobacco. But because of this delay the colour has changed. Now the Grading people are putting different grades like MF1 or MF 2. Because of this mixed grade, neither the STC nor the Tobacco Board is purchasing tobacco at the MSP. I request the Government to be realistic. After all, in 1983-84 when STC purchased, there was some grade between F1 and F2. Similarly, for mixed grade you kindly determine some prices and let Tobacco Board purchase that.

There is some saline tobacco. This year they are refusing to buy saline tobacco while in previous years it was purchased. Several times the auctions are stopped. The farmers are burning their crops. We have registered grower's area. If the grower sells his tobacco at any place other than auction platform, he is punished. But his saline tobacco you are not accepting. Then where should he go? Kindly think over this problem and see that saline tobacco is also purchased. The Minister stated that the tobacco industry is also made to get itself registered. But the Estimates Committee has recommended that

an amendment should be brought to the Act. This registration is not at all sufficient. In fact, the cigarette manufacturing industry people are exploiting the tobacco growers. For some time they have directly entered the market but from last year they are not entering into the market. They are purchasing through somebody else, thereby denying the just price to the tobacco growers. Previously the Commerce Ministry had informed the Estimates Committee in May 1986 that it is bringing an amendment to the Tobacco Board Act, but till now it has not been brought. I do not know what are the reasons. I would like to know from the Hon. Minister categorically that when will the Government come forward with an amendment to the Tobacco Board Act to bring the cigarette manufacturers under the purview of the Tobacco Board Act. The Estimates Committee desired that for better regulation of tobacco purchases within the country, in the domestic market, the cigarette manufacturers should be brought under the purview of the Tobacco Board. So, it should be done immediately. They are purchasing the left outs of the tops, the sun-cured virginia tobacco as well as the Tobacco left out after grading. They are purchasing them at very cheap prices and they are mixing them in the high quality cigarettes for which the consumers are made to pay higher prices. They are evading the taxes and doing all unwarranted things. So, it is high time that the Government should come forward. People are wondering why the Government is not able to control the cigarette manufacturers. In fact, the people are coming to an idea that it is the other way. The cigarette manufacturers are succeeding in bringing the Government to their advantage.

Lastly, I want to say a word of caution. Previously in 1983, and earlier also, when Government thought to help the farmer, to relieve him from the distressed position, they ordered for STC operations. But unfortunately, more than the farmers, some traders were benefited in the process. The STC purchased the tobacco and they kept this tobacco in certain godowns that were leased away by some companies. That good quality tobacco which was purchased by STC, was knocked out by those companies and replaced by the lower quality tobacco of those companies. Thereby, crores of rupees loss

occurred to the STC and the stomachs of those companies have bulged like anything, while the poor farmer's fate remained the same. So, my request is that the Government, from their previous experiences, should not commit the same mistakes. Earlier there was no tobacco grading system and the machinery but now we have all that.

12.28 hrs.

[MR. DEPUTY SPEAKER *in the chair*]

Agricultural graduates are there and the machinery is also there. So, I request the Government to utilise that machinery and see that such things are not repeated and the STC keeps tobacco only in those godowns in which no tobacco of any company is kept and also strict instructions are given to the officers concerned that if there is anything wrong found in these operations, they will be taken to serious task. To help the farmers, I request the Government to set up a Tobacco Trading Corporation on the lines of the Tea Trading Corporation, with a revolving fund of Rs. 100 crores. Unless the Tobacco Trading Corporation also comes into being, the idea of the Government to help the farmers, to relieve him from the exploitation of the traders and the big companies, will not really materialise. So, I request the Government to come out with that proposal.

In the end, I would like to say that the Hon. Minister may be aware of most of these things on a first hand information. He also comes from our State and this present problem almost confines to the poor growers of Andhra Pradesh. I request the Government to take realistic decisions with regard to STC prices and the MSP, mixed grades, saline tobacco, and purchase all the quantity that is offered by the growers and relieve him of these problems.

I am extremely thankful to you, Sir, for giving me time and I request the Government to clarify the points raised by me.

SHRI CHINTAMANI JENA (Balasore) :
Mr. Deputy Speaker, Sir, I am grateful to the Hon. Minister as well as the Government for taking effective steps to save the tobacco

growers from exploitation. But the Hon. Minister might be knowing definitely, because he is from the South, that actually in the field, the growers are exploited by the cigarette industry and also others, since their produces are not openly marketed and not procured in time. In the name of other things their produces are not procured at the fixed and minimum support price. I would like to know from the Hon. Minister the criteria while fixing the minimum support price for F- 3 grads tobacco. Of course, the Hon. Minister has stated but it is not clear whether the price is fixed according to the present price of agricultural inputs, pesticides, daily wages, etc. Has it been fixed on this basis and who fixes the price? The Hon. Minister has stated Tobacco Board on their recommendation are fixing the price. May I know are the representatives of the farmer community of Tobacco Growers taken into confidence? The Hon. Minister in his statement has told—the S.T.C. has purchased 6 45 lakhs kg. upto 21st April, 1987. May I know from the Hon. Minister, has any target been fixed for the S.T.C. to purchase tobacco for 1986 and 1987 crops? What are the targets? How are they going to reach the target? As per my information the Tobacco Board has requested Bulgarian Monopoly to procure tobacco from our country. What is re-action of the Bulgarian Government? As we know the Hon. Minister has also told in his statement that the USSR which has the biggest market for our tobacco is not inclined to purchase as was in the past. We have to explore some markets in other countries who can purchase our tobacco. In this connection I may inform that the Tobacco Board proposes to approach certain potential markets like Spain, Portugal, France and Sweden to purchase our tobacco. What is the improvement in this regard?

Bidi industry in our country is the second largest employer other than the agriculture. Because of this un-certainty actually the Bidi workers are exploited and also the industrialists are taking advantage of it. In this connection I would request the Hon. Minister to see that minimum support price be fixed so that Tobacco growers may not be effected and also they may not minimise their areas for production of tobacco.

Similarly, the small growers who mostly grow tobacco other than Virginia tobacco and F-1, F-2, and who have been exploited, should not be allowed to be exploited. So, may I know from the Hon. Minister what action has been taken by the Government in this regard so that they may be ensured of getting minimum support price ?

DR. CHINTA MOHAN (Tirupati) : Sir, the statement given by the Hon. Minister is very unsatisfactory. Though he has said the government is trying its best to boost export of this item, to my mind it appears that the Government is going backwards. Today we say that we are in the fore-front of export but actually we are in the backwards today. We are in debt trap, we are in public external debt trap today and we are being trapped all round and also here the poor farmers are being trapped and particularly the poor farmers from my State, Andhra Pradesh, are in the streets today. We have so much of resources, a lot of man power, we have a lot of infrastructural facilities in the country. But we are lagging behind in the field of exports. The main reason for not getting the exports boosted, as the Hon. Minister said, is that we are not able to be in conformity within the exports. But yet I would say that it is due to the lack of dynamism in the ministry of Commerce, particularly in the trade organisations like the State Trading Corporation and the Federation of Indian Export Organisations. We have so many other organisations like the Trade Fair Authority of India, India Institute of Foreign Trade, etc. etc. These Organisations do not have coordination among the staff. Even if the Chairman of these Organisations want to do something the other people do not want to cooperate with to cooperate with the result the poor people, particularly the farmers in Andhra Pradesh are very much affected and they are in the streets today. Recently, Mr. Abid Hussain, who was the Secretary of Commerce Department, has given a report saying that the ministry of Commerce has come to a stage of deterioration and he had said that he has already recommend to the Planning Commission the necessity of remodelling and restructuring of these Organisations. It is because of lack of coordination that the Government is failing to get its exports

boosted. Though we have many foreign offices in countries like the USSR, Bulgaria, China, etc. but still the people who are sitting in the foreign offices are not able to do much with the result the poor farmers are suffering.

Sir, we have two major trading organisations in the country. One is the State Trading Corporation and the other is the Minerals and Metal Trading Corporation. Why is it that one company is growing fast in export and the other is totally failing in this ? If you see in 1983, the State Trading Corporation's total exports were worth about Rs 420 crores and then it Rs. 470 crores. Today it is about Rs. 300 crores, that is, during the year 1986-87 for a period of 8 to 9 months. But the MMTC has been growing very much in the export market. In 1983, it was Rs. 300 crores and today its total value of exports is Rs. 700 crores. We see a lot of changes in this organisation. The State Trading Corporation has totally failed to get exports boosted with the result the poor farmers are facing a lot of problem. It is high time the Hon'ble Minister should come forward to bring out some sort of holding company concept in this so that there will not be any problem in the exports. For the mistake occurred in the export field, you are giving to them a lot of subsidies. Sometime back, your budgeted allocation was about Rs. 304 crores. In the year 1984-85, you had given a subsidy of about Rs. 607 crores. In the year 1985-86, it was about Rs. 780 crores. For the present year, you have allotted a subsidy of about Rs. 870 crores. I would like to know from the Government why the exports are failing in spite of subsidies being given to them.

MR. DEPUTY SPEAKER : When the Commerce Ministry is discussed you can speak and bring all these points.

DR. CHINTA MOHAN : No, Sir. It is not going to be discussed. So, Sir, I would like to know where these subsidies are going and I think the industrialists who are exporting so many major other items are getting the subsidies, not the poor farmers in the villages.

I would like to come here to the remunerative prices. I mean, tobacco growers in Andhra Pradesh have produced about 90000 tonnes of tobacco. So far they have sold about 27000 tonnes. I am glad that the Hon. Minister has given direction to the States Grading Corporation. These State Trading Corporation people went to different corners of Andhra Pradesh. Finally they were able to purchase about 47 tonnes. Where is 90,000 tonnes and where is 47 tonnes? I would request you, Sir, to take immediate action ..

SHRI P. SHIV SHANKER : Where from are you getting this figure of 47 tonnes? Are you saying in respect of Andhra Pradesh Growers Cooperative Limited where the State Government has given Rs. one crore? Are you saying that they have only purchased 47 tonnes? My information is, they have purchased only 50 tonnes.

DR. CHINTA MOHAN : Not 50 tonnes, but it is only 47 tonnes. But the State Government is coming forward to help the tobacco growers, but not the Government sitting at the Centre. They are not able to do anything. Our Hon. Chief Minister has already given Rs one crore, but the Centre is not able to do anything for the agricultural farmers. The people of Andhra Pradesh are thinking that because there is a non-Congress (I) Government that is ruling the State, they are not giving the support. I do not know how the Hon. Minister will justify this.

Coming to the minimum support price, the Tobacco Board in the year 1985-86,...

SHRI P. SHIV SHANKER : I hope you are speaking responsibly.

DR. CHINTA MOHAN : Definitely, Sir, with a deep sense of responsibility I am saying. The Tobacco Board has fixed a price. Last year they fixed about Rs. 12.00, this year they have fixed it only at Rs.12.50, and there is only a rise of about half a rupee for a Grade I, F. I. quality. But coming to the State Trading Corporation, in the year 1983 they have fixed about Rs. 12 50, after four years, in the years 1987 the State Trading Corporation fixed it

at Rs.13 50 for a kg of tobacco. Is it helpful to the farmers? Only about one rupee rise is there in the tobacco price I would request you to send the team of STC officials, honest officials, to Andhra Pradesh and see that they purchase the tobacco immediately and see that they are given the maximum price of about Rs. 15 per kg of tobacco. You have lot of subsidies in the Ministry of Commerce, you have subsidies for exports, you purchase all that and keep it with you and see that the export order comes from you Foreign Offices so that you can export and see that the farmers are benefited highly. With these words I conclude.

SHRI P. SHIV SHAKER : Sir, the Hon Members expressed their anxiety on the fate of the growers with whom I fully share my anguish as well. But then I was expecting a little more constructive suggestions. I regret that not a single suggestion has come which I could consider and I am now practically given to a position where I have to answer certain of the observations that have been made. Beyond that there is nothing.

Sir, I do agree that the tobacco farmers in Andhra Pradesh are in a very unhappy position, and the moment it came to my notice I took the measures which I have already said in the Statement. I was eagerly looking to whether there could be any other proper suggestion that could come forth so that I could take immediate action.

SHRI V. SOBHANADREESWARA RAO : We have brought to your kind notice the actual difficulties because...

SHRI P. SHIV SHANKER : Difficulties I am aware of (*Interruptions*) I am myself saying that I am aware of them and I have taken action. More than one measure I have already taken.

As I was trying to say that the concern, the anguish, not only I share, but I am still looking for some way perhaps which I could find out so that I could resolve the issue.

Sir, the Hon. Member who opened the debate on the call-attention has referred to-

the collusion of the trade and the manufacturers. I have said in my statement that I called on the manufacturers and impressed upon them that they should vigorously purchase in the auctions. I have gone to the extent of even saying and I have instructed the Tobacco Board that where there are small dealers, they could form a coordination committee of say 5 or 6 dealers, or whatever it could be. These manufacturers have agreed that they will deal with those coordinators so that the coordinators in turn push these small dealers in the auction, as a result of which there could be a proper bid. So, after I had a talk with the manufacturers, I am of the view, perhaps there is no collusion. But still if there is anything that the Hon. Member could bring to my notice that there is an effective collusion that is going on, I will look into it. But I am not sure about the traders, because it is the traders who deal in the purchases of tobacco and who also export. They would act for their own benefit. There is no doubt about it. But I will certainly try to see that so far as the manufacturers are concerned, they do not collude with the traders.

SHRI V. SOBHANADREESWARA RAO : You yourself have told that you have discussed with the manufacturers to enter the market and purchase tobacco so that the tobacco prices go up. The Hon. Minister may say in what platform these cigarette manufacturers have entered and purchased how much tobacco? If they have entered the market, then only the prices will go up, not through traders.

SHRI P. SHIV SHANKER : I will give the information. It did happen about a week back when I called them and discussed with them. I am not really aware whether they have actually entered.

SHRI V. SOBHANADREESWARA RAO : We are hoping your statement.

SHRI P. SHIV SHANKER : May-be, you may have better information. I know, you were there on the platform stopping the auction. Therefore, you were more aware than me. I share that point. But so far as I am concerned, I am not aware of it. But I

will see that if they have not entered the market, they do enter the market.

Well, I am sorry, I have got now the figures where the manufacturers have entered the market and I am prepared to lay it on the table of the House. You can go into details. It is not correct to say that they have not entered. I was thinking till now, what you have said, you were speaking authoritatively. But I find that ITC and ETC industries, Godrej Philip have entered and they are doing the purchases.

SHRI V. SOBHANADREESWARA RAO : How much tobacco?

SHRI P. SHIV SHANKER : Even if it is one kg, I am not sure about it. If you want it, I will lay the whole thing on the Table.

SHRI V. SOBHANADREESWARA RAO : If you were satisfied with one kg. or one tonne, it is all right.

SHRI P. SHIV SHANKER : I do not expect running commentary on what I am saying. I am saying that it can be laid on the Table of the House. This is a matter which can be looked into. You are saying that they have not entered. The argument is whether they have entered or not entered. I am saying that they have entered on the basis of information that has been passed on to me.

As I was trying to say, in fact, I had prevailed on the manufacturers that they should deal with the coordinators in small number so that all the hundred and odd small dealers could also enter the fray for the purposes of boosting up the auction prices. I was trying to take the resume of what exactly has been done by the Tobacco Board. They are still working it out, so far as the coordination committee is concerned.

The Hon. Member who opened the debate has said that this state of affairs is because of two reasons. One, wrong decisions by the Tobacco Board and the Government. I am not really aware as to which wrong decision of the Government has brought this position. It is because, on my part, I have

reviewed the situation more than once. But I am also not prepared to accept that there are wrong decisions by the Tobacco Board and as a result of which this state of affairs has come. But I am glad if there is any. I congratulate the Hon. Member for the open confession. He is a party himself to such wrong decisions and for which he deserves it.

SHRI C. MADHAV REDDI (Adilabad) : He was in a minority.

SHRI P. SHIV SHANKER : I do not know. That is off-the-cuff expression perhaps with which I might not agree. But I congratulate him for his frankness if it is true, because I am not aware of those facts.

I have already stated in my statement about the fresh efforts that we are making with reference to the different countries. In fact, I am working out something with Egypt and Algeria. If the Hon. Members would care to read the Financial Express of yesterday, they would come to know that we are already thinking in terms of sending the delegations to these countries. Hon. Member Shri Chintamani Jena has referred to the States. In fact, there are various countries with which we are trying to see how far we can improve the situation. Algeria, Portugal, France and the States are the countries with which we are trying to see that we can open up some market in these areas.

I find from the records that 250 companies have obtained the registration and 115 companies have submitted bank guarantees. The Hon. Member was trying to say that it is only hundred traders who are participating. If anything further it is to be done at my end for the purpose of trying to see that there is scope for keen competition, I would not shirk the responsibility.

STC purchases were adverted to. I gave the figure that up to 21st April, 1987 that is, till day before yesterday, they had purchased 6.45 lakh kgs. But yesterday in one day they have doubled the position. By 22-4-87, it is 12.33 lakh kgs. It shows that the ETC is very active. 12.33 lakh kgs. It is practically double, practically, I am say-

ing, as to what they had been purchasing up to day before yesterday. In one day they had gone more than 6 lakh kgs.

One of the Hon. Members was asking about the target fixed. Actually, I have advised the STC that their activity must be to see that the prices are boosted. Now this is the end-product which I would like to achieve. How much they purchase, is a matter which depends on the circumstances. But I have not put any limit. I have certainly told them that as businessmen, they should see that their participation in the auctions boosts up the prices so that ultimately the growers take the advantage of the situation. But I would like to say one thing in this respect that I would very much like that the auctions go on and this should not be treated as a political issue. I must frankly confess and congratulate the Chief Minister who had been in touch with me and, he has agreed with me and, then I had discussed about the proposals that I was putting forth. He was very happy. This issue should not be a political issue because I am slightly disturbed that some people are making it a political issue. That is why, I am making it very clear. Particularly the speech of one of the Members was nothing except political one. This is a matter of farmers with which everyone of us is concerned. This must cut across the party lines. If somebody would like to make political capital out of it, this is reprehensible. I would like that the auctions must proceed because it is only by the participation of quite a lot of people that the prices would increase in the market and if he is trying to stop the auctions, then the bidding goes down and I would like to be very clear and tell the Hon. Member that so far as the Tobacco Board is concerned, if it comes, I am prepared to purchase the entire stock with the MSP. But that is not going to subserve the cause of the growers. It does not help the growers. Where do we lead to ultimately? If it is to be purchased at the MSP rate, I am prepared to purchase, I am prepared to shell out certain more money to the Tobacco Board. But what is the end-product? Are you achieving the end-product of the grower getting the advantage? For that purpose, the only way is that there should be a competition among the purchasers and it can only be ensured through the proper auctioning procedure. I find two

divergent views coming from the two Members on the other side on the question of the CCS. One member said : 'what is it that you are giving subsidies to the exporters? That does not reach the farmers. The other Hon. Member was very keen that CCS must be given to the exporters. I leave it to them to sort out first before they come to me. But I am : of the view that there must be some CCS which we must provide and that is under consideration of the Government. This is a matter where we are still working it up and if the CCS is granted—which is a big 'if'—I would like to see that it goes to the growers.

One more point which has been raised by the opener of the debate on this issue is with respect to registration. I am not still clear as to why he wants that it must be brought—the manufacturers must fully be brought—within the purview of the Tobacco Board Act because I was expecting a little paraphrasing of his expression which has not come forth to me. In fact, today the position is because of the registration, the manufacturers have submit their returns—the returns of the inventories purchased and utilisation of Tobacco. This gives a clear idea for the Tobacco Board to plan the production because otherwise previously the manufacturers were not within the sweep of the Tobacco Board in any form. The registration having been made compulsory and the returns coming from the manufacturers is enabling the Tobacco Board now to plan the things in the proper perspective. So far as the manufacture itself is concerned, licence etc. as I have already said, it is under the Industries Department. If it comes under the Act, the Tobacco Board Act,—I was only trying to visualise—then I do not know whether the Tobacco Board will be in a position to involve themselves into the day-to-day management of these manufacturers. Of course, the capacity will have to be determined. The Board today fully handles the leaf and whether the manufacturing also should be handled is a matter which I do not know. I am prepared to, if cogent reasons are given. I am open-minded. If some purposive arguments are advanced, if it is sure that it will be in the interest of the society, then I will certainly take it up but as on today I am not convinced. Therefore it would not be possible for me to take up the

issue of even manufacturing also to be brought within the sweep of the Tobacco Board Act. I am also not clear about the Tobacco Trading Corporation, involving a fund of Rs. 100 crores. As on today, as I said, the position is that if it is a question of purchasing by the Tobacco Board, the Tobacco Board will purchase whatever stock is available at the MSP rate. But then what for the Tobacco Trading Corporation is conceived? If it is to be for the monopolistic tendency, then I am sorry I will not be able to agree or appreciate the point. Today, atleast, there is more than one producer who will push up the prices because of the question of the market trends governed by the demand and supply, the bidding that takes place. But if it is the monopolistic tendency that this Tobacco Trading Corporation must demand, then they will only dictate the prices.

13.00 hrs.

Even if it is a Public Sector undertaking, it will have a tendency to dictate the prices, and in my view it will not be in the interest of the growers to think of it in the form in which perhaps it is sought to be projected. Revolving Fund is not a matter of very great consequence. As I said, even in the case of Tobacco Board, at the MSP rate it can purchase and there should be no difficulty to that extent.

One of the Hon. Members was asking about the criteria for F-3 grade fixation of MSP. With reference to F-3 grade, the MSP is fixed by the Tobacco Board. They follow the same principles, by and large, I hope : the cost of production, reasonable return to the farmer, and they take into consideration the other aspects if there are any. I have stated the major aspects which they take into consideration, and they fix the MSP for these grades. So far as Government is concerned, Government comes into the picture only for L-2 and F-2 grades. That is because of the fact that these are the exportable grades mostly. It does not mean that the other grades are not exported, but they are exported in a negligible quantity.

I do not think I have avoided any point. There is no other point to be replied to.

But I would like to make a very broad observation. If any of the Hon. Members has a very clear-cut suggestion that they would like to make to tide over this difficulty, I am prepared to consider it. In fact, there are two issues on which they could suggest; and I would request them also to take up with their State Governments. One is coal to be supplied at soft terms, which I have requested the Chief Minister. Secondly, curing of tobacco could be exempted from power-cut because I am worried in another from which I would like to tell you. There are certain time-bound supplies that have to be effected; particularly, the U.K. has already put the time, that they should be supplied tobacco within such and such time. If there is a power-cut and there is a delay and they do not accept, then the other countries like Zimbabwe, etc., will enter into the field and they will purchase from them and we will be at a loss. Therefore, on these two issues I would earnestly request the Hon. Members sitting on the other side to persuade their Governments to agree.

SHRI V. SOBHANADREESWARA RAO : Sir, there is one point to be clarified...

MR. DEPUTY SPEAKER : He has already replied.

SHRI V. SOBHANADREESWARA RAO : We are very thankful to Speaker for having given us this opportunity to discuss this very important matter in this House. Though the Minister has clarified certain points, unfortunately, an important point has not been clarified from his side. As far as purchases are concerned, we have brought to your notice that the STC's present prices of Rs. 13.50 for F-1 grade and Rs. 12.50 for F-2 grade to not have any justification, and a minimum of Rs. 15 should be given. Then only the farmers can part away with their tobacco. I have also brought to your notice that the main stumbling block is non-purchase of mixed grades and saline tobacco in regard to which the Government has to take a decision. Otherwise, it is not going to help the farmers and the problem will be there; for months together, it will not be solved. That is what I have brought to your notice. Please take immediate action on that.

SHRI P. SHIV SHANKER : What I was trying to say, the Hon. Member has not properly followed. So far as STC is con-

cerned, STC will participate in the open auction in pushing up the prices and purchasing the tobacco. It is not as though the STC is purchasing at a particular fixed price. I would not like the STC to purchase it at a fixed price. I would like the STC to participate in the auctions to push up the prices.

SHRI V. SOBHANADREESWARA RAO : Unless you give Rs. 16/-, it will not help the farmers.

SHRI P. SHIV SHANKER : How can you say that Rs. 15 should be given ?

SHRI V. SOBHANADREESWARA RAO : Because you have already decided only Rs. 13 50 and Rs. 12 50. (*Interruptions*)

SHRI P. SHIV SHANKER : I am saying that the STC will help the prices to be pushed up. You also help the prices to be pushed up. You don't stop the auction. If you stop the auction, then the growers will suffer. (*Interruptions*) That is precisely what I am saying. So far as STC is concerned, it will purchase in the open auction

MR. DEPUTY SPEAKER : Matter under 377 Madam, what about the lunch break ?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT) : Sir, I propose that we forego the lunch-break.

MR. DEPUTY SPEAKER : Yes, I think the House will accept this.

13 06 hrs.

MATTERS UNDER RULE 377

[*Translation*]

- (i) Need for providing sufficient funds to the State Government of Karnataka to enable it to take anti-sea erosion measures in Canara district of Karnataka and to prevent its recurrence

*SHRI G. DEVARAYA NAIK (Kanara): Sea erosion has created a serious problem in

*The speech was originally delivered in Kannada.