

**MR. CHAIRMAN :** The question is :

"That the Bill to provide for the restriction of certain rights conferred by Part III of the Constitution in their application to the members of certain organisations established by the Central Government for purposes of intelligence or counter-intelligence so as to ensure the proper discharge of their duties and the maintenance of discipline among them, be taken into consideration."

*The motion was adopted.*

**MR. CHAIRMAN :** Now, we take up clauses. The question is :

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill*

**MR. CHAIRMAN :** Clause 3 Mr. Munsi are you moving your amendments ?

**SHRI PRIYA RANJAN DAS MUNSI :**  
No.

**Mr. Chairman :** The question is :

"That clause 3 stand part of the Bill."

*The Motion was adopted.*

*Clause 3 was added to the Bill*

*Clauses 4 to 7 and the Schedule were added to the Bill*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

**SHRI S. B. CHAVAN :** I beg to move :  
"That the Bill be passed."

**MR. CHAIRMAN :** The question is :

"That the Bill be passed."

*The Motion was adopted.*

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16.40 hrs.

#### TOBACCO BOARD (AMENDMENT) BILL

[English]

**MR. CHAIRMAN :** We shall now go to the next item—item No. 14. Shri P.A. Sangma.

**THE MINISTER OF STATE IN THE  
MINISTRY OF COMMERCE (SHRI P.A.  
SANGMA) :** Sir, I beg to move : \*

"That the Bill further to amend the Tobacco Board Act, 1975, be taken into consideration."

The Tobacco Board set up in 1976 under the Tobacco Board Act, 1975 has been functioning with the prime objective of development of the tobacco industry and regulation of the production and curing of virginia tobacco having regard to the demand therefor in India and abroad and promotion of exports of tobacco and tobacco products. The working of the Tobacco Board, the efficacy of the various provisions of the Act and their shortcomings, the problems of growers, curers, traders, exporters and others connected with unmanufactured tobacco and tobacco products, have been in continuous examination of the Government. With a view to enabling the Board to play a more effective role in production, development, marketing and export of tobacco, it has been found necessary to amend suitably the provisions of the Tobacco Board Act, 1975. It is accordingly proposed to bring about amendments to the Act to achieve the following objectives.

- (i) To increase representation to the growers on the Board for more effective participation ;
- (ii) to empower the Tobacco Board to regulate production of virginia tobacco *inter alia* on the basis of differences in soil characteristics and agroclimatic factors in different regions of the country where this type of tobacco is grown, and the effect thereof on the quality and quantity of the tobacco produced in these regions ;
- (iii) to require the processors of virginia tobacco and the manufacturers of products made therefrom to register themselves with the Tobacco Board. This will help the Board in having control over cigarette manufacturers who are the

\*Moved with the recommendation of the President.

major buyers of virginia tobacco and in monitoring the regular off-take of this tobacco by the manufacturers from the growers ;

- (iv) to provide licensing of graders to take up commercial grading. This will help the farmers to bring properly graded virginia tobacco to the auction platforms which will help in their securing better prices in the auctions.
- (v) to provide for licensing of construction and operation of barns which would regulate barn capacity, thereby effecting production control indirectly ;
- (vi) to prohibit certain unfair practices in the tobacco trade ;
- (vii) to provide for prosecution for contravention of not only the provisions of the Act or rules made thereunder, but also regulations made under the Act and to provide for enhanced penalties for contravention thereof.

Opportunity is being availed of to include, in accordance with the recommendations of the Committee on Subordinate Legislation, in the Act, provision relating to the power of the Tobacco Board for writing off losses. Opportunity is also being availed of to provide for laying of the regulations under the Tobacco Board Act before the Parliament.

With these few words I beg to move :

"That the Bill further to amend the Tobacco Board Act, 1975, be taken into consideration."

**MR. CHAIRMAN :** Motion moved :

"That the Bill further to amend the Tobacco Board Act, 1975, be taken into consideration."

Mr. Penchalaiah.

**SHRI P. PENCHALAIAH (Nellore) :**  
Mr. Chairman, Sir Tobacco is the first and foremost traditional item of India's export commodities. Tobacco is one such item which can find a ready market anywhere in

the globe. India occupies the third position in the export of tobacco. Yet it is surprising to see that the Government are not making any efforts to grow more and export more tobacco. In spite of our best exports in recent years, we are struggling hard to export non-traditional items like engineering goods. We are far away from our target.

Even if a slight effort is made, we can grow more tobacco. With a little effort we can very easily export all the tobacco we produce and thus can earn much more foreign exchange. Countries in North Africa, Egypt, Algeria and USSR are literally knocking at our door for more tobacco. So, effort should be made to grow more tobacco in the country. States like Andhra Pradesh, where top quality tobacco is produced, must be given incentives for growing more tobacco.

I wish to say a word about auction centres opened in Andhra Pradesh by the Tobacco Board. Out of the 21 auction centres opened, seven had to face a rough weather. The traders in these seven centres formed a syndicate and tried to peg the price for the top F-1 grade at Rs. 1,25/- per quintal. Violence had taken place due to this highly deplorable attitude of the traders to cheat the growers. But, as the foreign buyers were coming forward and also the tobacco Board had intervened in the matter, the tension was defused and the growers got a price between Rs.1,450/- and Rs. 1,600/- per quintal. So, the cunning practices of traders to subvert the auction centre system should not be allowed. The Government should make every effort to safeguard the interests of the farmers.

The cost of inputs to raise the tobacco has gone up steeply. The cost of inputs and cultivation has gone up by thirty per cent. The farmers had to spend another ten per cent more due to vagaries of the nature. As though this is not sufficient the price of coal which is used in Tobacco barns for curing has been increased by 30 per cent. Under these circumstances what the tobacco growers are getting today is hardly sufficient to meet the cost, let alone getting profit. The prices the farmers get should be remunerative. Otherwise, I am afraid, the production may fall steeply in the years to come as it happened in the case of sugar.

[*Shri P. Penchalaiah*]

The Tobacco Board should conduct a study to find out the reasons why the production of VFC tobacco is low in States like Andhra Pradesh and Karnataka and recommend suitable measures for increasing the productivity.

Small and marginal farmers get financial assistance under various centrally sponsored schemes. At present small and marginal farmers who grow tobacco are not getting these benefits. I request the Central Government to extend all the benefits under the various Centrally-sponsored schemes to the small and marginal tobacco growers also. With these words I conclude my speech. I thank you for giving me this opportunity.

[*Translation*]

**SHRI RAMSWAROOP RAM (Gaya) :** Mr. Speaker, Sir, India is the second country in the world which produces 350 million Kg. tobacco every year and occupies the sixth position among the tobacco exporting countries. India exports 55 million K.G. virginia tobacco to other countries every year. I welcome the Bill wholeheartedly which our hon. Minister has brought to modernise the tobacco industry.

The tobacco industry and its cultivation have remained grossly neglected in our country. No effective legislation has been brought in this respect as a result of which the requisite encouragement could not be given to the tobacco growers in increasing the production and as a result the production did not increase and it remained neglected. The Government have paid attention in this respect through this Bill and there is a provision in the Bill to re-organize the Tobacco Board. The private companies have been buying tobacco from the tobacco growers and Government did not pay attention in regard to its purchase and sale. The private companies and the private dealers have been purchasing tobacco from the formers at low price and no requisite incentive was given to the farmers and neither was any monitoring carried out. No effective legislation was enacted to safeguard their interest. That is why they always remained neglected. Now the position is

that in foreign countries there is a great demand for tobacco, particularly for virginia tobacco. If we increase the production of tobacco by adopting intensive care cultivation, we can earn substantial foreign exchange and the tobacco growers will also get considerable financial help.

I do not want to enter into any controversy. In Andhra Pradesh, the S.T.C had authorised some persons for selling and purchasing tobacco and an agency was appointed on 6th November, 1984 for this purpose. A Press report appeared in the 'Statesman' regarding the agency. I am quoting it.

[*English*]

The CBI which enquired into the recent tobacco scandal in Andhra Pradesh has filed four charge sheets before the Special Judge trying the special police establishment cases, implicating 12 Tobacco Companies and 6 officials of the STC, reports UNI. According to the charge sheets, the STC officials had colluded with the companies in defrauding the Central Government of funds, totalling Rs. 27 lakhs.

[*Translation*]

These private companies regard these tobacco growers as their colony. In Bihar, virginia tobacco is not grown on large scale but, of course, tobacco is produced there. There also the cultivation of tobacco is regarded as a colonial affair. The growers are not paid the due price of tobacco.

I am thankful to you that you have brought an effective legislation, but you have not made provisions for stringent punishment. There is provision of only lighter punishment in it. Until provision of stringent punishment is made in the Bill, the private companies and the private dealers would not allow your good intentions to succeed. They will sabotage them.

In the last session, a Bill was introduced in this House for the takeover of I.T.C. company. In this company, the workers are being exploited. They are taken on contract basis and are never made

permanent. The performance of this company is also very bad. I would request the hon. Minister to bring a legislation to takeover I. T. C. so that all the shortcomings in it are removed.

You propose to reorganise the Tobacco Board. There is a provision that 8 or 10 members will be nominated by you. I would request you to include representatives of the tobacco growers also in the Board. I would also request that the labourers working with the tobacco growers should not be included in the definition of 'farmer'. The labourer does not come under the definition of farmer. When you constitute the Board, the representatives of the labourers and the representatives of the tobacco growers should be included in the Board. Only then we will be able to implement this arrangement effectively in the interest of the farmers and labourers. It is a good think that we are giving due importance to this sector. We must ensure maximum export of this commodity.

**17.00 hrs.**

A warning is inscribed on the cigarette packet that "Smoking is injurious to health." We have given warning to the cigarette smokers that cigarette smoking affects lungs, heart and many other parts of the body. we have accepted the fact that cigarette smoking is injurious to health. I want that ban should be imposed on the manufacture of substandard cigarettes. I find that publicity is given to the cigarettes in our mass media. Posters are put up in public places to the effect that this is a very good virginia cigarette and is best for smoking. But underneath the cigarette packet is written-- "Smoking is injurious to health".

**SHRI RAM PYARE PANIKA** (Robertsganj) : It is written in a very small print—

**SHRI RAMSWAROOP RAM** : Yes, it is written in a very small print. I want that tobacco farming should be made export oriented so that the tobacco growers may get maximum incentive and it's cultivation is encouraged. Tobacco is not cultivated in every State. I want that the Agriculture Department should carry out a survey to

find out in which State, the climate is suitable for tobacco cultivation. For this purpose monitoring is needed. I think many States are left out in this process. I therefore want that necessary steps should be taken to examine the climate of every State. With these words, I support the Bill as well as express Thanks to the hon. Chairman and I resume my seat.

\***SHRI S. M. GURADDI** (Bijapura) : Mr. Chairman, Sir, while participating in the debate on the Tobacco Board (Amendment) Bill, 1985. I would like to express certain vital points.

I welcome that portion of the Bill, Section 4 which reads as . (i) for the words 'eight members' the words 'ten members' shall be substituted. But the other part which reads as 'provided that the number of members appointed under this clause from amongst the growers of tobacco shall not exceed six' is not at all convincing to me.

In the entire bill, there is not a single mention about other varieties of tobacco than Virginia tobacco. Sir, as you know there are several varieties of tobacco like chewing tobacco, beedi tobacco, sunff tobacco etc. These varieties of tobacco also should have been included in the Bill. My State, Karnataka, and the neighbouring State Andhra Pradesh grow beedi tobacco abundantly. As you are aware there is a great demand for Mangalore Ganesh beedi and Number 30 beedi in the international market. The places where beedi tobacco is grown are not fertile lands and the entire crop depends upon the mercy of rain. The growers of this variety of tobacco are not rich farmers. They are the poor small and marginal farmers. Therefore I would like to ask the hon. Minister as to how the Board has helped the growers of these marginal farmers. The tobacco growers of Karnataka and Andhra have faced crises several times. Some time there was no buyer of tobacco and huge quantity of tobacco was converted into manure. The Governments of Karnataka and Andhra had asked the help of Central Government. Finally the farmers succeeded in getting Rs. 100/- per quintal. On the one hand

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\*The speech was originally delivered in Kannada.

[Shri S.M. Guraddi]

the farmers are rotting in permanent debts, on the other those who convert tobacco into cigarettes, beedis etc. are flourishing. They are making money and are leading luxurious life. This is how we find a vast difference between the tobacco grower and the tobacco businessmen.

In this Bill there are several restrictions. For example licences are to be obtained for grading work and construction of barns etc. However, the tobacco Board should ensure that fine quality of tobacco should come to the market. For this purpose the Government and the Board have to come forward to help the tobacco growers. Then only we can increase our valuable foreign exchange earnings. Therefore, I feel that there should not have been so many restrictions. The Board should take the responsibility of buying tobacco from the grower. If this step is not taken strictly, then the tobacco of the marginal farmers will have to be thrown into the garbage. The Board should take all necessary steps to protect the marginal farmers.

The Board has shown huge expenditure on various items like travelling expenses, administrative expenditure etc. I wish that the hon. Minister would tell us clearly in his reply about these huge expenditure.

I welcome the step taken by the Board to prohibit certain unfair practices in the tobacco trade. Sometimes, the beedi tobacco is used for cigarettes. Virginia tobacco may be used for producing beedi and chewing tobacco. These kinds of unfair practices have to be put to an end once for all. The Government has to take stringent measures in this regard.

Once again I would like to express my view about the restriction of membership to the tobacco growers. There should not be any such restriction. The membership for the growers may be more than six. After all the Board has been constituted for the welfare of the growers. The factory owners may not be included in the Board. Because they have other forums to express their views. But for the grower the Board is the only place where they can ventilate their

grievances. The merchants and businessmen also should not get more membership. Only the membership of growers should be increased. Then only the Board can help the farmers properly. The Board should help the growers at all stages, such as cultivation, curing, grading, marketing etc. etc. Then only the problems of the tobacco growers can be solved. The Board is not their only to nominate members but to go to the doors of the farmers. Then only the tobacco cultivation can enter the new era of progress and prosperity.

I thank you for giving me this opportunity to express my views and with these words I conclude my speech.

\*SHRI V. KRISHNA RAO  
(Chikkballapura) : Mr. Chairman, Sir, our hon. Minister has presented in this august House a progressive Bill. I wholeheartedly welcome this Tobacco Board (Amtd.) Bill 1985. Our nation is at the top in the world in the production of tobacco after China and United States of America. Tobacco being a very important commercial crop has a great demand in the world market. We are earning good amount of foreign exchange by exporting tobacco. Exports of tobacco and tobacco products during 1983-84 were of the order of Rs. 204.63 crores. Exports of these items during the period April-December 1984 are provisionally placed at Rs. 164.61 crores. In view of the relatively lesser exports demand for tobacco this year, it is estimated that export may not exceed Rs. 220 crores during the year 1984-85.

I feel privileged to welcome the amendment of Section 4 wherein the number of tobacco board members has been increased. It is also gratifying to note that in the board there will be six tobacco growers. But I am not satisfied with the working of the tobacco board. This board was established on 1st January 1976. Nine years have elapsed after the establishment of this Board. Even then it has not achieved its goals to the expected level. The main draw back of this board is that it has failed in providing technical guidance to tobacco growers. Infact technical guidance is very necessary at all levels such as the nursery

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\*The speech was originally delivered in Kannada.

stage, curing stage, storing stage grading stage, packing stage, and at the marketing stage. Therefore the tobacco board should make it a point to provide sufficient number of technical exports. Administrative staff also should be increased according to the requirements. Then only we can produce more and more tobacco and earn large amount of foreign exchange by exporting tobacco.

In Andhra Pradesh for example the land under tobacco cultivation during the year 1984 has been reduced from 1,00,000 hectares to 90,000 hectares in the year 1985. This is a matter of great regret. When there is great demand for this commercial crop I do not understand why the area under tobacco cultivation is restricted and reduced. In Karnataka also this has been restricted. We are not growing even half of the quantity of virginia tobacco that we are capable of growing.

In Gowribidanur taluk which is in my constituency of Chikkballapura there were more than 2000 tobacco barns. I am also a farmer. I grow tobacco and I have first hand experience in these matters. I have also built barns. These barns were built in the year 1958-59, spending lakhs of rupees. But what is the condition of these barns today ? They have been converted into godowns. They are used as cow sheds. I feel sorry to bring this information to the notice of the hon. Minister. More than 6000 acres were under tobacco cultivation in Gowribidanur taluk alone. But today tobacco is not being cultivated even in 100 acres. I do not know what is happening to tobacco cultivation. Few years ago we produced huge quantity of good tobacco. But unfortunately the major chunk of this tobacco was dumped in godowns as there were no buyers. Farmers had invested huge amounts of money in the tobacco cultivation. Many farmers due to paucity of funds had borrowed money from the pawn broker pledging their wives' jewels. But today they are in the streets. Some licence holders from Andhra Pradesh came there and purchased tobacco but till today the accounts have not been settled and the full payment has not been made. In this helpless condition the tobacco growers went on jata (procession). They represent to the Chief

Minister of Andhra and Karnataka. But a proper solution was not found. Therefore I urge upon the hon. Minister to look into the matter seriously and to take proper steps to save the tobacco growers from the crises. First of all the tobacco board should be given full liberty so that they can work freely and efficiently.

Finally I say that it is a very good step to have 6 representatives of tobacco growers on the board. Technical assistance must be provided to the growers to the maximum extent. Our present day production of tobacco should be doubled as there is great demand in the world market. More than all these, the marketing facilities should be provided to tobacco growers. I hope the hon. Minister and the tobacco board would look into all these suggestions that I have mentioned and help the tobacco growers to lift our country from 3rd position to the top position in the world in the production of tobacco and with these words, Sir, I thank you for giving me this chance and conclude.

[English].

**SHRI V. SOBHANADREESWARA RAO** (Vijayawada) : Mr. Chairman, Sir, I welcome the amendments proposed. Of course, I am of the view that such amendments proposed should undergo some change, and some more amendments have to be brought forward by the Government so that the interests of the growers are adequately protected in future and for the efficient functioning of the Board.

First of all, Sir, I congratulate the Government for keeping its word which was given on the Floor of the House when Prof. Ranga and several other friends had demanded that the representation of the growers should be increased. Now, numerically the strength is going to be increased from eight to ten but growers, traders, exporters, manufacturers and persons who have got intimate knowledge of the tobacco all these sections have got to be accommodated. We were demanding from the very beginning that majority of these people should be from growers and when you are proposing to increase the strength to ten naturally the number of growers' representatives should not be less than six. Now, as for the present amendment which you have

[Shri V. Sobhanadreeswara Rao]

proposed it may so happen that although the number remains six yet sometimes you may nominate only two, three or four. It need not be exactly six. I am not doubting the bonafides of the Government but unfortunately the people who proposed these names they will be having more contacts with the traders, exporters, etc. because they have the ability to come to Delhi and make friendship and acquaintance with them. But what about the poor farmers ; There are thousands of farmers in Andhra Pradesh and Karnataka. None of them will be able to come to Delhi. So, I propose that the number should not be less than six. So, I request the hon. Minister to kindly give serious thinking to this and accept this amendment to the amendment proposed.

Sir, this is a very important crop which is yielding hundreds of crores of rupees as Central Excise Duty. Last year the Government derived Rs. 906 crores by way of Central Excise. It is also earning huge foreign exchange, In fact, it is a goose that is laying the golden eggs So, the Government should take all precautions. It should give a remunerative price and adequate protection to the tobacco growers and also some other measures which will help in the steady growth of this crop. While at the same time meeting our domestic requirements it is a powerful instrument to earn huge foreign exchange. The hon. Members from Karnataka have mentioned about their experience in Karnataka. Since several years the growers have suffered and lost very much but all the time the traders and the companies were getting all the profit. They are not giving the genuine due to the farmers. It should be given to them. Even after the Tobacco Board came into being and in spite of the provisions of the Act as well as the rules, till the other day when the system of auction, platform auction, etc. were introduced, there were quite a number of traders and the company people who had failed to give the farmers, the growers their legitimate due, running into crores of rupees. So, I would request the Government to take necessary action against all those people who have not yet paid the growers their genuine dues and till they clear their dues, they should not be allowed to enter into the auction or platform to purchase tobacco

from the growers. Their licences should be cancelled. For them it may be nothing, but for the farmers if they loss Rs. 10,000 or so, it will take 4 or 5 years to make up the loss.

Sir, apart from the Virginia tobacco which is proposed under the purview of the Board, the sun-cured 'Nattu' tobacco which is mainly used in the production of Cigar and snuff making should also be brought under its purview. In fact the tobacco growers are left at the mercy of the traders and the buyers. The Government should take steps and decide on a scientific way the cost of cultivation of tobacco and decide the minimum support price that is to be given to the growers. I proposed an important amendment to the Act.

The Tobacco Board which was constituted by an Act of Parliament in 1975 has been functioning all these years. It is recommending the minimum export price to be given to the exporters. But it is not recommending the minimum support price to be given to the tobacco growers. The Tobacco Board which was established in 1975 has been brought into force to safeguard the interests of the growers or is it to safeguard the interests of the exporters ? That is my question. When the Tobacco Board is having all its expertise, the machinery, the representatives of the Central Government, the representatives of the State Governments, growers and several sections of the trade, I believe it is a fit body to recommend the minimum support prices to the Government for tobacco. In the case of rubber, actually the Rubber Board is fixing the price. So also in the case of tea, the Tea Board is fixing the price for tea. So, I would request the Government to accept my amendment which is as follows :

"(dd) recommending to Central Government the minimum support prices for different grades of virginia tobacco which may be fixed for the purposes of purchase by the Tobacco Board at auction platforms, in the event of there being no buyer at the minimum support price for that grade of tobacco."

MR. CHAIRMAN : Mr. Rao, you may continue tomorrow. Now, we will take up half-an-hour discussion.