

**NOTIFICATIONS UNDER GOLD CONTROL ACT, 1968 AND CUSTOMS ACT, 1962**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ZUL-FUARULLAH):** I beg to lay on the Table:—

(1) A copy each of the following Notifications (Hindi and English versions) under sub-section (2) of section 114 of the Gold Control Act, 1968:—

(i) The Gold Control (Grant of Certificates) Amendment Rules, 1978 published in Notification No S. O. 93 (E) in Gazette of India dated the 14th February 1978.

(ii) The Gold Control (Forms, Fees and Miscellaneous Matters) Amendment Rules, 1978 published in Notification No. S. O. 94 (E) in Gazette of India dated the 14th February, 1978

[Placed in Library. See No LT-1801/78]

(2) A copy of notification No G S. R. 314 (Hindi and English versions) published in Gazette of India dated the 4th March, 1978 under section 159 of the Customs Act, 1962. [Placed in Library See No LT-1802/78]

12.19 hrs.

RE SITUATION IN BIHAR—Contd.

MR. SPEAKER: Call attention—Shri Jyotirmoy Bosu.

SHRI VASANT SATHE (Akola): A call attention on a non-issue Tobacco is a vital issue. But on the explosive situation of growth of violence in the country you will not allow (Interruptions)

MR. SPEAKER: What is all this? I have called the call attention (Interruptions) So far as the Bihar situation is concerned, the matter .

SHRI VASANT SATHE Not only in Bihar,...

MR. SPEAKER: Each one of you has got a problem which is important. But so far as the Bihar situation is concerned.... (Interruptions) Mr. Sathe, if you are intervening, I am not going to say anything.

I wanted to tell you that so far as the Bihar situation is concerned, a number of motions have come.

I am for a call attention. I am not going to allow the adjournment motion, for the simple reason that it is a law and order matter and once you start the practice of interfering in the State administration, there will be no end. Therefore, other occasions will be found for a discussion of the matter. I do consider that it is an important matter. Either call attention or other methods will be found for discussing the matter. But if you do not even allow me to tell you what procedure I am going to adopt then it is difficult and all the time I will have to hear your voice and my voice will not be heard.

We now go to the next item

SHRI SAUGATA ROY (Barrack-pore): Protection of Scheduled Castes and Harijans is a matter for the Centre. It is not a matter of law and order. It is a matter under the Union Home Ministry.

MR. SPEAKER: Mr. Jyotirmoy Bosu—call attention

12.2 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED SERIOUS CRISIS FACED BY THE TOBACCO GROWERS

SHRI JYOTIRMOY BOSU (Diamond Harbour): I call the attention of the Minister of Commerce and Civil Supplies and Cooperation to the reported serious crisis faced by the tobacco growers due to failure on the

part of buyers, exporters, cigarette makes etc. and Government to maintain economic price for the grower. I request him to make a statement thereon.

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND CIVIL SUPPLIES AND COOPERATION (SHRI ARIF BEG): Mr. Speaker, Sir, The Tobacco Board and the Central Government are fully conscious of the need to protect the interests of tobacco growers. I will briefly indicate some of the important measures taken recently in this direction.

The minimum export prices for tobacco crop of 1978 year were increased by the Government on the recommendation of the Tobacco Board. The increase made in flue cured virginia tobacco prices was 5 per cent in top grades, 10 per cent in medium grades and 2 per cent in low grades over the minimum export prices fixed last year. In Sun Cured varieties, the increase made was 20 per cent over last year's prices.

In order to reduce delays in the receipt of purchase consideration by the tobacco growers, the Tobacco Board introduced, during the current tobacco marketing season, a scheme known as the tobacco leaf purchase voucher system. This system was adopted by the Board in pursuance of the recommendation made by a Committee which had been appointed by the Reserve Bank of India to go into the question of delayed payments to the tobacco growers. The system is basically designed to ensure a down payment of 50 per cent of the purchase consideration to the growers by the purchasers on delivery of the goods and the balance amount with interest within a reasonable period thereafter. All payment under this system were intended to be allowed through cheques.

Because of resistance from the trade there was some delay in com-

mencement of marketing. The difficulties pointed out by the trade in implementing this new payment system were discussed by the Commerce Minister at a meeting with the representatives of the trade, the growers and others, on 1st February, 1978. After some persuasion and assurance of our help through Reserve Bank of India in regard to increase credit facilities, the market finally opened on 9th Feb., 1978. However, the purchase operations were on a low key and in the meanwhile the voucher system was also challenged through two writ petitions filed in the Andhra Pradesh High Court at Hyderabad.

The slow pace of marketing and accompanying hardship felt by the growers led to a review of the situation by the Tobacco Board which met at a special meeting held on the 26th February, 1978. After a careful consideration of the situation and in order to accelerate the pace of marketing in the interest of the growers, the Board made two modifications in the implementation of this scheme during the current season. It decided to permit payments in cash also and the period for payment of the balance purchase consideration, after the initial down payment of not less than 50 per cent, was extended from 90 days to 150 days.

After these modifications in the scheme the writ petitions were withdrawn and the pace of marketing has also picked up. Uptil now, a quantity of about 50,000 tonnes of virginia tobacco has been purchased during the current season. The present rate of purchase is considered satisfactory and the market is functioning normally.

The State Trading Corporation of India is also progressively increasing its involvement in the tobacco export trade and they have been in the market from the very beginning of the season for purchasing a quantity of about 5,000 metric tonnes through cooperatives and others. This pur-

[Shri Arif Beg]

chase by STC is according to their assessment of what they can export.

An attempt was made by the Tobacco Board to standardise grading at farmers' level and indicative prices were announced for three important farm grades for the guidance of the growers. These prices were higher by about 4 per cent over the indicative prices announced last year by the Tobacco Board.

Virginia tobacco crop in an area of about 60,000 hectares was severely damaged during the cyclone which had hit Andhra Pradesh in November, 1977. More than 10,000 tobacco curing barns were also damaged by the cyclone. Through the Tobacco Board, we rushed immediate financial aid to the tobacco growers so as to enable them to undertake replantation of the crop and to reconstruct the barns. The total amount disbursed was about Rs. 3.5 crores. The replantation assistance was given at the rate of Rs. 1250 per hectare for fully damaged crop and Rs. 625 per hectare for partially damaged crop. In the case of small and marginal farmers, 25 to 33-1/3 per cent of this assistance was disbursed as outright subsidy and balance as recoverable loans. Similarly, in the case of barns the assistance was partly in the form of a subsidy of Rs. 500 per barn and the balance as loans.

Because of the timely assistance provided by us for replantation of the crop, the current crop is estimated to be fairly good and the production of virginia tobacco this year is expected to be around 1,30,000 tonnes. While we are faced with surplus production, the export demand from our two major markets—UK and USSR is comparatively weak this year. Besides, the proportion of top grade tobacco in the current crop is estimated to be lower and those of medium and lower grades higher. These three factors, namely larger crop, weaker export demand, and larger content of

medium and lower grades has naturally led to some depression in the prices, though it will not be correct to say that the prices being realised by the growers are below economic level. The Tobacco Board and the Government are, however, keeping the situation under constant watch.

SHRI JYOTIRMOY BOSU: I was a little shocked to hear this, coming from the mouth of my hon. friend sitting on my right, that this is an unimportant issue.

Sir, this is an issue which vitally concerns millions of people in Andhra and Karnataka and the central exchequer also. I will give certain figures

Sir, the total production of tobacco in this country is around 110 million K.G. Tobacco purchase season starts from the second week of December. It is the peak season. It extends from second week of December upto the third week of January. This year, by the middle of February, 90,000 metric tonnes of tobacco had piled up. By end of February, only 10,000 metric tonnes could be purchased. Sir, the traders, the middlemen, the cigarette-makers, all of them ganged up together. They are threatening that there will be a decline in quality of the tobacco if kept in storage although there are some eminent tobacco scientists who dispute this. The STC has taken so far only 4 million K.G. from middle-men and not from the growers. Now, the tobacco growers have unsold stocks around 50 to 60 million K.G. on the whole. The cost of production calculated by the Agricultural Prices Commission, the Directorate of Economics and Statistics and the ICAR is far below the true cost of production of tobacco. Two major items have been excluded from the costing process. They are interest on the cost of land and interest on the cost of barn depreciation and maintenance of the barn. These major items have been left out from the cost of production. What is

being shown is a fictitious thing to benefit the traders, middlemen, cigarette-packers, everybody. Sir., This is daylight robbery.

In the U.S.A. they are selling tobacco to Britain, the same stuff, the same flue-cured Virginia tobacco, at Rs. 23 a kilo. I have got this literature, this Foreign Agricultural Department Circular. This is from the U.S. Department of Agriculture, Foreign Agricultural Service, Washington D.C. Here the rates are given. In USA it is Rs. 23 for the same British buyer. In Italy it is Rs. 26 a kilo and in Japan it is between Rs 40 to Rs. 60.

And what about India? In India, till last year, the average price given to the grower was not more than Rs. 8 a kilo. Just imagine this, Sir -this is just Rs. 8 a kilo! The same British blender the cigarette-maker, is paying Rs. 23 to the affluent American grower and only Rs. 8 to the Indian grower and this year the amount will be much lower. Middlemen, especially monopolists, exporters, packers, and cigarette-makers are exploiting the situation. Multinationals like the Indian Tobacco Company has been given a customs exemption of Rs. 90 lakhs on the 19th March, 1977 by the erstwhile Government, just one day before this Government practically came into power. Now this time they are having their 'pound of flesh' from growers of Andhra and Karnataka. In Karnataka I am told, there are two areas near Hansur. In Andhra six districts at least are there.

Prices have come down upto Rs 500/-. The unit that was available for Rs. 1200/- last year, this year, it has been sold as much lower upto Rs. 700/-. I have got a trunk call from Guntur to-day that the peasants have given up plucking of leaves because the cost of plucking, bundling and curing will not cover the price they get. So, the leaves are being allowed to perish in the plants. I have been there myself only the other day. (Interruptions). We are talking about flue-cured Virginia tobacco.

SHRI D. D. DESAI (Kaira): You have said about tobacco growers. Gujarat is very seriously affected.

SHRI JYOTIRMOY BOSU: I am glad to see Mr. Desai after a long time. If he had given a notice on Call Attention, his name would have come up. But, he has not done so.

SHRI D. D. DESAI: We are not so fortunate.

SHRI JYOTIRMOY BOSU: On the one hand the people in the coastal regions of Andhra Pradesh, tobacco growing districts, have lost much because of the natural calamity.

MR. SPEAKER: Please come to the question. You have taken so long.

SHRI JYOTIRMOY BOSU: The Chief Justice can wait. But the tobacco growers cannot wait, (Interruptions). It is a daylight robbery. The Commerce Ministry and the S.T.C. are silent spectators.

SHRI VASANT SATHE (Akola): What does he know about tobacco?

SHRI JYOTIRMOY BOSU: Sir, the Commerce Ministry and the S.T.C. are only silent spectators. I made repeated requests. But that has gone in vain. The Janata Government has pledged to help the rural economy and the peasantry. This is an opportunity when it is being put to test. Sir, cigarette lobby, particularly, the Indian tobacco lobby and the Guntur lobby are very resourceful and active in Udhhyog Bhawan—we all know it.

MR. SPEAKER: Mr. Bosu, please put your question.

SHRI JYOTIRMOY BOSU: I will put it. Why was the Tobacco Board constituted? The Tobacco Board is full of vested interests. In the Act, under Sec. 8(2)(b), it has been clearly stated as below:

"keeping a constant watch on the Virginia tobacco market, both in

[Shri Jyôthirmoy Bosu]

India and abroad, and ensuring that the growers get a fair and remunerative price for the same and that there are no wide fluctuations in the prices of the commodity

Further it has also been stated under Sec 8(2)(g).

"purchasing virginia tobacco from growers when the same is considered necessary or expedient for protecting the interests of the growers and disposal of the same in India or abroad as and when considered appropriate, etc, etc"

What is the Tobacco Board doing? I would like to know that from him I am a Member but I have a minority voice in the Board. There was an election of Vice-Chairman the other day on the Indian Tobacco Company (Interruptions). Their representative was offering some money to some member to vote for a particular candidate who is trying to look after their interests. It has gone to that extent (Interruptions). The Tobacco Board is so bad as that (Interruptions). We condemn all lobbies, we condemn all monopolists.

MR SPEAKER Mr Bosu, please come to the question. You have taken a long time. Now, you have only four minutes. You look at the rule.

SHRI JYOTIRMOY BOSU I will do so in obedience to your wishes.

MR SPEAKER Please put your question.

SHRI JYOTIRMOY BOSU Sir, they are resisting for the first time in thirtyone years the progressive measures which are being contemplated, namely, the voucher system to ensure fifty per cent prompt payment and the rest in 150 days and in establishing 8 farm grades so as to prevent malpractice in invoice manipulation, downgrading of tobacco etc and for an indicative minimum price as also

our decision to set up auction platforms so that the growers get a fair price.

This multi-national company, the monopoly tobacco company, the cigarette makers, are killing two birds with one stone, one in procuring tobacco for their own use and the other they are making an effort to scuttle the progressive measures that are talked about. So, I would like to ask the hon. Minister whether the Government would buy right now at least ten million KG of tobacco by paying the price from the growers only directly even if it means a loss of Rs 4 crores. This is nothing because the excise earning out of this would be Rs 35 crores and the average excise earnings in the country out of tobacco this year is Rs 463.6 crores. Last year the actual was Rs 437.23 crores. Therefore let us not mind spending Rs 4 or 5 crores for helping the millions of tobacco growers. It will be the right job to do that. And it should be done.

This is my first question. My second question is this. Like many countries such as Japan, Turkey and several other countries, where tobacco is handled by State monopoly, would the Minister consider that, in this country, the tobacco is also handled by State Monopoly so that thereby the private enterprises are rooted out from here?

THE MINISTER OF COMMERCE AND CIVIL SUPPLIES AND CO-OPERATION (SHRI MOHAN DHARIA) Sir, my colleague has made the position very clear. I do share the concern of the hon'ble Member and at the outset I must say because of the cooperation from the hon'ble Member it has been possible for us to re-structure the whole approach of the Tobacco Board. This House will be happy to know that it is for the first time that we have introduced the voucher system. We have also impressed on the purchasers to pay 50 per cent of the amount immediately. According to the previous deci-

sion it was to be paid in cheques but there were certain difficulties this season. Therefore, we have decided to allow them even to pay in cash for this season. Simultaneously a decision has been taken by the Government to set-up auction platforms. I am happy to inform the House that yesterday only the Cabinet has cleared my Bill and I shall be coming before the House early with this Bill. Accordingly platforms for the purchase of Virginia tobacco in auction will be created all over the country—including Gujarat.

There will be auction system so that the present mal-practices do not continue and the growers get fair justice. Sir, immediately after the cyclone the Tobacco Board rushed to the help of the farmers giving them all possible help and cooperation in re-plantation and as such there is good production. So far as the present market is concerned we believe that because of these new modified decisions it will be possible for the growers to get a fair price but we have already asked the S.T.C. to purchase 5,000 tonnes. My friend has suggested that S.T.C. should purchase 10,000 tonnes of tobacco more. Now, the purchases which have been made by S.T.C. are for export purpose. Even then I have already taken up the matter with the Finance Minister and to the extent possible if we could purchase more tobacco through S.T.C., it shall be our endeavour. I can assure the House that we very much stand by the growers. The various decisions taken by the Tobacco Board this year do reflect the approach of the Government.

Regarding election of Vice-Chairman it has been stated by the hon'ble Member that there were instances of even providing some money and all that.

SHRI JYOTIRMOY BOSU: It is in ITC.

SHRI MOHAN DHARIA: I am not aware of it. I would request the  
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hon'ble Member to give me the facts and I can assure him that such persons cannot have any place on the Tobacco Board.

SHRI JYOTIRMOY BOSU: What about my question regarding State monopoly?

SHRI MOHAN DHARIA: We shall create these auction platforms and we shall have effective purchase through S.T.C. and other bodies so that these monopolies do not take undue advantage and squeeze the growers.

SHRI JYOTIRMOY BOSU: Sir, this 10,000 tonne purchase by S.T.C. is an assurance given by the Minister.

MR. SPEAKER: Whatever assurance he has given is on record. He has said he will talk to the Finance Minister.

(Interruptions)

12.40 hrs.

## COMMITTEE ON PETITIONS

### SECOND REPORT

श्री हरि विष्णु कायस्थ (होमंगाबाद) :  
प्रज्यल महोदय, मैं याचिका समिति का  
द्वितीय प्रतिवेदन प्रस्तुत करता हूँ ।

## COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

### FOURTEENTH REPORT

SHRI YADVENDRA DUTT (Jaunpur): Sir, I beg to present the Fourteenth Report of the Committee on Private Members' Bills and Resolutions.