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PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE

NOTIFICATION

Islamabad, the 21st November, 2016

S.R.O. 1111(I)/2016:—In exercise of the powers conferred by section 30 of the Pakistan Tobacco Board Ordinance 1968, (I of 1968) the Federal Government is pleased to make the following rules, namely:—

1. **Short title and commencement.**—(1) These rules may be called the Tobacco Marketing Control Rules, 2016.

(2) These rules shall come into force at once.

2. **Definitions.**—In these rules, unless there is anything repugnant in the subject or the context, -

(a) “Board” means the Pakistan Tobacco Board constituted under section 3 of the Pakistan Tobacco Board Ordinance, 1968;

(b) “Government” means the Federal Government of Pakistan;

(c) “grower” means a person truly engaged in the cultivation and production of tobacco;

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- (d) "mandi" means the premises established by the tobacco dealers at different places for the purchase and storage of tobacco;
- (e) "purchase depot" means the premises established by the tobacco companies at different places in tobacco growing areas for the purchase of tobacco used in manufacturing of cigarettes;
- (f) "supplier" means a person who purchases tobacco either from tobacco growers or dealers or agents and supplies it to the tobacco companies in prized form;
- (g) "tobacco" means as defined in the Pakistan Tobacco Board Ordinance, 1968;
- (h) "tobacco company" including a firm or agency or association or group of individuals engaged in the purchase, redrying and processing of tobacco used in the manufacture of cigarettes and its marketing;
- (i) "tobacco dealer" means a trader engaged in the purchase and sale of tobacco and includes a commission agent ; and
- (j) "weighted average price" means the average price weighted by the quantities of all graded tobacco purchased by a tobacco company or a tobacco dealer.

3. Intimation regarding purchase targets and purchase points.—

Every tobacco company or dealer or exporter intending to purchase tobacco during a crop year shall indicate to the Board its total requirements of the tobacco from the ensuing crop, by the 31st day of October in each year. The Board will publicize the indicated requirements for various types of tobacco, in appropriate manner, before the commencement of planting season. They will also intimate regarding all their purchase points before 31st May every year.

4. Execution of agreements.—(1) Every tobacco company for the purchase of their targeted requirements of Flue Cured Virginia (FCV), Burley, Dark Air Cured (DAC) or Cigar tobacco shall execute agreements with the growers on the form prescribed by the Board by the 31st day of December in respect of the ensuing crop of tobacco. A copy of each such agreement will be supplied to the grower concerned and a list of all such agreements will be furnished to the Board as soon as may be possible after the execution of the agreements but not later than 15th January.

(2) Every tobacco company and other purchaser of the tobacco shall strictly follow the grade classification of the tobacco as laid down by the Board from time to time.

(3) Every tobacco company and other purchaser of the tobacco shall prominently display at the purchase depots the leaf sample of each grade and its minimum price notified by the Federal Government.

(4) The weighted average price of tobacco for the crop of any year to be paid by a tobacco company to the tobacco growers shall not be lower than the weighted average price paid to them for the crop of the immediately preceding year.

(5) The tobacco growers will confine the bale weight from 50 to 60 kilograms and that six bales will be offered by a growers on his turn.

5. **Scrutiny of agreements.**—The Board shall constitute committees of growers for scrutiny of agreements executed by each tobacco company in order to verify its genuineness.

6. **Vigilance committee at purchase center.**—The Federal or Provincial Government shall constitute vigilance Committees at each purchase depot or point consisting of,—

- (a) a representative of the Board;
- (b) a representative of the Provincial Agriculture Department;
- (c) a representative of the tobacco growers, nominated by the PTB or Provincial Agriculture Department; and
- (d) a representative of the tobacco companies nominated by the tobacco companies.

7. **Vigilance committees.**—The vigilance committees shall check the grades assigned to various types of tobacco used for the manufacture of cigarettes and shall also ensure that no purchaser unnecessarily rejects, or pays price for tobacco, at rates lower than the minimum notified rates, It shall also resolve the differences or disputes between the tobacco growers and tobacco companies, if any, arising out of sale and purchase transactions of tobacco between the parties.

8. **Decision of vigilance committee.**—The decision of the vigilance committee shall be taken by majority and shall be binding on the parties.

9. **Payment of dues to growers.**—(1) The payment of dues to the growers by the tobacco companies or purchasers as a result of sale transaction of tobacco during a purchase season shall be made through designated Banks and in accordance with the following schedule:—

- (a) payment in respect of tobacco purchased during the 1st fortnight within 7 days;
 - (b) payment in respect of tobacco purchased during the 2nd fortnight within 15 days;
 - (c) payment in respect of tobacco purchased during the 3rd fortnight within 21 days; and
 - (d) payment in respect of tobacco purchased after the 3rd fortnight within 30 days.
- (2) All the tobacco companies and other purchasers shall issue

vouchers to the growers having printed Book No..., Voucher No.... and Name or Place of purchase Centre and a copy of each voucher issued to the growers shall be supplied by the tobacco companies or Purchasers to the Board and the concerned Bank Branch.

10. **Commencement of purchase season.**—(1) The Board shall constitute committee comprising of its own official and representatives of Provincial Agriculture Department, tobacco companies and tobacco growers to fix a date or dates for the commencement of tobacco purchases after surveying the condition of standing crop in different areas, and also to chalk out proper time schedule for purchase of tobacco at various depots.

(2) All tobacco companies and tobacco dealers shall commence purchases of tobacco from the date or dates as may be fixed by the Board in the manner specified in sub-rule (1).

(3) All tobacco companies and other Purchasers shall observe timings for tobacco businesses at the depots as the Board may determine.

11. **Closure of purchase season.**—No tobacco company or tobacco dealer shall close its purchase depots or business premises till such time it has purchased its full targeted demand of various types of tobacco, or in case of a surplus production, the additional quantity of particular type of tobacco which may be allocated by the Board to the individual tobacco companies or dealers proportionate to their purchase targets.

12. **Record of purchases.**—(1) Every tobacco company and other purchasers shall maintain complete and up-to-date record of purchases made, prices paid at the depot, and quantities of tobacco transferred from the purchase depot to the warehouses or redrying plants.

(2) The tobacco companies and tobacco dealers shall submit to the Board and concerned vigilance committees purchase summaries on the form prescribed by the Board on daily basis during the marketing season.

13. **Labour charges.**—No tobacco company or other purchasers shall claim labour charges from the tobacco growers which are brought in fulfillment of the contractual obligations and as per programme indicated by the tobacco companies.

14. **White patta.**—(1) All tobacco companies shall purchase at least 35 percent of their purchase targets of white patta (*Mulki* tobacco) tobacco indicated for any year direct from the tobacco growers:

Provided that where a tobacco company, during the crop of the immediately preceding year, had obtained 50 percent or more of its targeted requirements of white patta tobacco direct from the, tobacco growers, it shall in no case reduce its direct purchase from growers below 50 percent of its indicated purchase target for the crop of any subsequent year.

(2) For the direct purchase of white patta tobacco every tobacco

company or other purchasers will chalk out a proper purchase programme, exhibit the same at the Buying Courtyards a fortnight earlier and also inform the concerned growers about it.

(3) Every tobacco company or other purchasers shall make available to the Board, not later than the 15th May of each year, a list, in duplicate, of the tobacco growers from whom white patta tobacco is to be directly purchased by it.

(4) A copy of the list mentioned in sub-clause (c) shall be supplied by the Board to the Special Committee of Growers constituted by the Board for the purpose of verification of the genuineness of tobacco growers from whom direct purchase is made by the tobacco company.

15. **The *mandiwalas*.**—Agents and Suppliers engaged in the business of tobacco shall purchase tobacco brought at their business premises by the tobacco growers in the manner specified in these rules and shall provide all facilities in the sale of their stock as were provided to them in the past. In particular, the *mandiwalas*, Agents and Suppliers shall ensure that,—

- (a) the rate of commission charged by them from the sellers and the buyers does not exceed 6.5% and 1.75 % respectively, that is to say, the total commission to be charged from both the parties shall not exceed 8.25 %, and that no other charge, what so ever, is claimed over and above the said commission;
- (b) the payment of dues is made by them to the growers within a period of ninety days from the date of sale transaction;
- (c) no arbitrary deduction of weight on any account is made by them at the time of purchase;
- (d) such printed vouchers as may be prescribed by the Board are issued by them to the sellers and that no weights or measures other than the standard weights and measures are used in the transaction;
- (e) an accurate and up-to-date account of all purchases and sales transacted, the payments made to the growers in liquidation of their dues and the sale price paid to the growers for the purchase of tobacco, duly supported by printed vouchers and receipts, are at all times maintained and are made available, during business hours to the officials of the Board and members of Governor Inspection Teams for inspection; and
- (f) statements of purchases and sales, the weighted average price paid and the payments made to the growers, on fortnightly basis from June to September, and, on monthly basis thereafter, are furnished to the Board in such form or manner as it may, from time to time, prescribe for the purpose and that such statements reach the Board's office before the 5th and 20th of each month in respect of transactions undertaken in the preceding fortnight or month as the case may be.

16. **Tobacco Companies purchasing tobacco.**—The tobacco companies which purchase tobacco through the *mandiwalas*, agents and suppliers, over and above the quantity purchased directly from the tobacco growers, shall execute agreements with them by the first June of each year, at the latest. The agreements shall clearly specify in unequivocal and unambiguous terms the quantity of white patta contracted, its grade or grades, the minimum price settled for each grade and fortnightly lifting programme along with payment schedule which shall not exceed 60 days from the date the lifting of purchased stock commences.

17. **Weighted average prices to be paid.**—The weighted average prices to be paid by the tobacco companies and tobacco dealers, agents and *mandiwalas* of tobacco for the crop of any year to the tobacco growers shall not be lower than the weighted average price paid to them for the crop of the immediately preceding year. The price for subsequent years will be as announced in a Gazette Notification by the Provincial Government or Government.

18. **Transfer of purchased stock.**—The tobacco companies shall undertake transfer of purchased stock from *mandiwalas* and tobacco dealers from the 1st of August and this process shall be completed by the 30th of November, each year. Transfer of stocks shall be so undertaken that the stocks are lifted in each fortnight proportionately.

19. **Inspection of white patta stocks meant for sale.**—The tobacco suppliers and tobacco companies will mutually decide whether the inspection of white patta stocks meant for sale will be made at the suppliers warehouses or *mandies* or at the tobacco company's own purchase depots. In the former case the suppliers will not be entitled to any transport charges, while in the latter case he shall be entitled to transport charges from the premises of the supplier to the purchase depot of the tobacco company at mutually agreed rates.

20. **Payment to the Commission Agent or *mandiwalas*.**—The suppliers will make payment to the Commission Agent or *mandiwalas* within 60 days.

21. **Purchase targets shall not be altered in any form without prior approval of the Board.**—The purchase targets intimated to the Board by the tobacco companies or other purchasers shall not be altered in any form without prior approval of the Board. The tobacco companies will also discourage purchases from azad growers, that is non-agreement holders.

22. **Purchases of tobacco.**—All tobacco companies shall commence purchases of tobacco from the date as fixed by the Board.

23. **Companies of Purchase targets.**—It shall be binding upon the tobacco companies to purchase tobacco in accordance with their indicated purchase targets.

24. **Display sign boards.**—All tobacco companies, *mandiwalas* and tobacco dealers shall prominently display sign boards outside their established

purchase depots, *mandies* and other business premises which shall remain open for the purchase and sale transactions on all working days, except Sunday or other public holidays and during such hours as may be prescribed by the Board for this purpose. The closure of business, more than two days at a time, shall require intimation to the District Magistrate concerned and the Board, stating the reason in support thereof.

25. **Use of dial or digital weighing scales.**—All tobacco companies shall use dial or digital weighing scales at their purchase depots, which should be properly visible.

26. **Spilled over leaves.**—The spilled over leaves (SOL) from the bales opened for inspection at the purchase depots, *mandies* and auction floors shall remain the property of the concerned tobacco growers who may collect it for disposal in the manner he deems fit. If the farmer does not lift the SOL, the same shall be disposal of as per PTB instructions issued from time to time.

27. **Inspection of the purchase depots, etc.**—All officers of the Board and Agriculture Department not below Grade-17, Magistrates of the First Class and Police Officers not below the rank of Deputy Superintendent of Police shall be entitled to inspect the purchase depots, *mandies*, auction floors and accounts of purchase and sale transactions with a view to ensuring that the provisions of these rules are being fully complied with.

28. **Submission of Purchase Summaries.**—The tobacco companies shall submit to the Board purchase summaries on daily basis during the marketing season.

29. **Inspection Teams.**—The Governor Inspection Teams, constituted by the Provincial Governments on the request of Board, shall have the power to inspect any premises or any record of any tobacco company or other purchasers of tobacco and any *mandiwala*, agent or supplier engaged in the business of tobacco.

30. **Reports of Inspection Teams.**—The Governor Inspection Team shall submit reports of its inspection to the Chairman Board on weekly basis.

31. **Interpretation of rules.**—All matters connected with the interpretation of these rules shall be referred to the Chairman, Board, on whose decision representation may be made to the Federal Government for finally deciding the matter.

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MUHAMMAD ASHRAF,
Joint Secretary.