

LOK SABHA

Thursday, the 24th May, 1962/Jyaistha
3, 1884 (SAKA)

The Lok Sabha met at Eleven of the
Clock.

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Trade with Pakistan

*993. Shri Shree Narayan Das: Will the Minister of Commerce and Industry be pleased to state:

(a) whether any and, if so, what steps have been taken by Pakistan and India to facilitate increased trade after the India-Pakistan Conference held during March, 1961 to review the working of the Trade Agreement; and

(b) how did our exports to and imports from Pakistan stand at the end of the financial year 1961-62?

The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah): (a) and (b). A statement is laid on the Table of the House.

STATEMENT

The following steps were taken to facilitate increased trade under the Indo-Pakistan Trade Agreement after the review conference held in March, 1961:

- (a) The swing limit provided under para 4 of Protocol I to the Agreement according to which the difference between the exports and imports by either country could not exceed the limit of Rs. 50 lakhs was kept in abeyance with a

view to prevent stoppage of movement of commodities between the two countries.

- (b) The unutilised ceilings under Protocol I were carried over from the first year to the second year of the Agreement to enable both the countries to get a larger quantity of commodities than was provided for the second year of the Agreement.
- (c) New commodities were added for import as well as export in Protocol I.
- (d) It was decided by us that licences may be issued on an annual basis instead of the usual six-monthly basis thereby providing a longer validity to the licences and a greater facility for the importers.
- (e) The two countries decided to issue licences in excess of the ceilings in respect of the commodities mentioned in Protocol I in order to reach the ceilings fixed therein.
- (f) The Agreement which was originally valid for two years has been extended for another year in terms of Article IX of the Agreement which provided for such an extension in case neither party gave notice of termination three months before the expiry of the Agreement. No such notice was given by either Party.
- (g) Pakistan agreed in December last to give an additional quantity of raw cotton, valued at Rs. 150 lakhs, against supply of coal of the same

value by India, under the rupee payment arrangement, thereby enhancing to Rs. 560 lakhs the value of commodities to be exchanged under Protocol I.

(h) Steps were taken on both sides to improve the movement of coal from India to Pakistan.

2. The figures for the movement of commodities on either side for the whole of the financial year 1961-62 are not yet available. However, the figures from April 1961 to January 1962 and April 1960 to January, 1961 are given below for comparison:—

Year	Value in Rs. lakhs		
	Exports	Imports	Balance of trade
1960-61			
(April-Jan.)	808	1206	(-) 398
1961-62			
(April-Jan.)	837	972	(-) 135

Shri Shree Narayan Das: From paragraph 1(c) of the statement it appears that some new commodities were added for import as well as export in Protocol I. What are the important commodities that have been added?

Shri Manubhai Shah: They are railway material sections of steel, live tortoise, gypsum and gnar seeds etc.

Shri Shree Narayan Das: From the statement it appears that India has an adverse balance of trade during April-January 1960-61 and 1961-62. I would like to know whether efforts are being made to see that there may not be this adverse balance of trade.

Shri Manubhai Shah: Efforts are being made to increase trade as a whole and also not to have any adverse balance of trade.

Shri S. N. Chaturvedi: What is the reason for the adverse balance of

trade? Are we not in a position to supply the commodities needed by Pakistan or does Pakistan not require them?

Shri Manubhai Shah: This is all a free trade market. Therefore merely specifying the commodities does not carry the corresponding obligation to buy the entire quantity. But it is our intention to pursue the matter further so that they can buy more and our balance of payments position improves.

Shri Ramanathan Chettiar: May I know whether the talks that are going on between Indian and Pakistani officials now in Delhi will cover not only cotton but jute also?

Shri Manubhai Shah: As a matter of fact, it is rather difficult for us to buy too much of jute from them. They are keen to sell it but it is rather restricted because we have not the foreign exchange for it.

Shri Indrajit Gupta: From the statement it seems that last time it was agreed that the quantity of raw cotton to be supplied by Pakistan would be of the same value as the supply of coal from India to Pakistan. I want to know whether in view of the present shortage of coal and a coal crisis in India this will affect the corresponding supply of cotton from Pakistan under the new agreement.

Shri Manubhai Shah: Shortage of cotton is as acute as shortage of coal. But I would not like to disclose any matter which is still under consideration and negotiations are of a delicate nature.

Shri Sham Lal Saraf: Timber is one of the commodities that have been listed for export to Pakistan. Due to rivers getting swelled during the rainy season a lot of timber flows down to Pakistan through Kashmir rivers which till now they have never accounted for. Is it possible that that also could be accounted for against the timber that is to be exported?

Shri Manubhai Shah: Timber is a part of the agreement. There are physical difficulties. Trade negotiations do not include them.

Shri Tyagi: Which was the peak year of our exports to Pakistan and how do the figures of that year compare with the latest figures? What is the reason for this fall?

Shri Manubhai Shah: The peak year figures after partition were very high because trade relations in those days were more or less of a composite country. Total trade was as high as Rs. 140 crores to Rs. 150 crores. Over recent years it has fallen to about Rs. 20 crores or Rs. 25 crores, at the most to Rs. 30 crores. It is now our intention to see that these figures expand a great deal both for imports and exports and for that purpose negotiations have begun well.

Shri C. K. Bhattacharyya: Is it known to the Government that East Bengal Government has stopped the import of ice from Calcutta resulting in the fact that import of fish from East Bengal to West Bengal has become impossible leading to a crisis in the Calcutta market?

Shri Manubhai Shah: That has not come to our notice but we will look into it.

Export of Tea

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- *994. { **Shri Hem Barua:**
Shri Rameshwar Tantia:
Shri Bhagwat Jha Azad:
Shri Bishwanath Roy:
Shri Daljit Singh:

Will the Minister of Commerce and Industry be pleased to state:

(a) whether the export of tea declined last year; and

(b) the steps being taken to increase the same?

The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah): (a) No, Sir

(b) More recent measures taken are:—

(i) With effect from 24-4-1962, the export duty on tea has been reduced from 44 nP. per kg. to 25 nP. per kg. and a drawback of excise duty at a flat rate of 15 nP. per kg. in respect of all teas exported is allowed.

(ii) Tea promotion campaigns are being intensified in some of the foreign countries who are important consumers of Indian tea.

Shri Hem Barua: May I know whether Government propose to confine the export of tea to the traditional continental markets or explore other markets, for instance, in the Latin American countries, Morocco, West Asia, etc.?

Shri Manubhai Shah: As a general policy of intensive salesmanship, we shall always try to tap new markets and non-traditional markets, in preference to traditional ones. However, in order to see that the basic foreign exchange does not go down, traditional markets have also to be developed further.

Shri Hem Barua: May I know whether the Tea Board was conducting a campaign abroad by opening show-rooms, having film shows and giving lectures, and whether this has produced any effect on the export of tea?

Shri Manubhai Shah: From the report which the Chairman of the Tea Board has submitted to us, and the observations of the Tea Delegation which went to the United States, the continent and other parts of the world, it is clear that our tea campaign for creating a market for Indian tea has had substantial effect.