

having overseas branches for doing these things, but that decision must be based on their judgment whether they have the capabilities to take the risks that are involved in this swap taking exercise.

[Translation]

**KUMARI UMA BHARTI:** Mr. Speaker, Sir, the question which I want to know from the hon. minister was asked to me by several people when I was on tour in South Africa. Sir I would like to know whether citizens of Indian Origin in South Africa would also be given the same facilities, by classifying them as non-resident Indians, as we have been giving to the Indians in other countries under NRI.

[English]

**SHRI MANMOHAN SINGH:** Even South Africa, have moved with great speed and rapidity in the last one and-a-half years. Far reaching political changes have taken place. More are in the offing. At the recent Commonwealth Prime Ministers' meeting, some decisions were taken to normalise people-to-people contact. We would explore whatever is possible in the area of banking in the light of the decisions taken at the meeting of the Commonwealth Prime Ministers.

[Translation]

#### Changes in Import Policy

\*224. **SHRI RAJENDRA KUMAR SHARMA:** Will the Minister of COMMERCE be pleased to state:

(a) whether the Government have made some changes in the import policy;

(b) if so, whether certain items have been removed from the Restricted List and allowed to be imported under the Open General Licence; and

(c) the steps proposed to be taken by the Government to remove the imbalance in foreign trade?

**THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM):** (a) to (c). The new Trade Policy announced by the Government inter alia aims at linking imports with exports thereby providing a saving in the outgo of free foreign exchange with a view to removing imbalance in foreign trade. The items included in the Restricted as well as Open General Licence lists have been reviewed and a number of them shifted to the Limited Permissible List making them available for import against Exim Scrips. However, no item has been shifted from the Restricted List to Open General Licence.

[English]

**SHRI RAJENDRA KUMAR SHARMA:** The relaxation by the Reserve Bank of India of the curbs on the import of capital goods by export oriented units amounts to very little in the context of expectations that import curbs will be lifted with the rise in India's foreign exchange reserves. The export oriented units will in fact protest that the fine print is not quite to their liking, and demand more. For example, it is very difficult if not altogether impossible to get a suppliers credit for 360 days Since under the relaxed regime.

[Translation]

**MR. SPEAKER:** Such questions are not replied to.

[English]

**SHRI RAJENDRA KUMAR SHARMA:** This is part and parcel of the question.

[Translation]

**MR. SPEAKER:** No, not like this you ask appointed questions

[English]

**SHRI RAJENDRA KUMAR SHARMA:** Since under the relaxed regime, the imports of capital goods between Rs. 50 lakhs and Rs. 100 lakhs require such credit, is it not

reasonable to infer that the relaxation is intended to be cosmetic. This inference is strengthened by the fact that imports of capital goods in excess of Rs. 100 lakhs will require even longer credits.

**MR. SPEAKER:** I will disallow this question if you continue like this.

**SHRI RAJENDRA KUMAR SHARMA:** What should be the game plan for phasing them out?

**SHRI P. CHIDAMBARAM:** Mr. Speaker, Sir, there are a large number of capital goods on the open general list. These can be imported. Of course, there are restrictions placed by the Reserve Bank of India on account of the foreign exchange position. As the FOREX reserve improves, the Finance Minister has assured me that these curbs will be lifted. But there are a number of capital goods which are not on OGL, which are not on Appendix-I, part A. These capital goods have been placed under Exim scrip last week and these capital goods can be imported against Exim scrips.

Therefore, today there are two channels—one under OGL and the other under Exim scrip. I do not share the pessimism of the hon. Member. What he said was true three or four months ago.

In the last week, many manufacturers come and told me that because of foreign exchange position improvement, credit worthiness has improved. Suppliers of capital goods are now willing to give us 3 to 5 years time as suppliers credit with one year moratorium. I think, things are improving in the capital goods front.

**SHRI RAJENDRA KUMAR SHARMA:** The import curbs should stay until....

**MR. SPEAKER:** I am not allowing you to read out the supplementary.

**SHRI RAJENDRA KUMAR SHARMA:** My second supplementary is, the imports

are not rising. The import trend is decreasing in 1991-92.

The figure is - 6.2. How is it possible to increase it in future? Please tell us.

**SHRI P. CHIDAMBARAM:** It is an entirely different question. But I will answer it.

**MR. SPEAKER:** I have said it is a good question.

**SHRI P. CHIDAMBARAM:** A large number of hon. Members seem to support this question in the House. This figure of - 6.2 per cent is a statistical average. I want you to bear with me. When our Government assumed office, we took a conscious policy that imports must be compressed by at least Rs. 3,000 crores. We have achieved this in four months. What has happened is, certain events have overtaken us. The Russian market has collapsed. Russia is not importing. It is a rupee payment area. What we have done is to compress rupee exports and to encourage exports to hard currency areas. Both objectives have been achieved. RPA exports have been compressed to 54 per cent. GCA exports have increased in the first six months by 54 per cent in dollar terms. Both objectives have been achieved. Both are welcome. Unfortunately, statistically speaking, one welcome plus another unwelcome step equals to an unwelcome statistical average! 54 per cent plus 5.4 per cent has led to a statistical average of -6.2 which does not exist as such. Let me say one thing more. The 5.4 per cent, the average for six months, in real dollar growth of exports to GCA is, 4.9 per cent in the first quarter when the previous Government was in office and 7.04 per cent in the second quarter, after our Government assumed office and in the month of September, it is 10.3 per cent growth in dollar terms to GCA countries.

**SHRI NIRMAL KANTI CHATTERJEE:** This is one conscious policy.

**SHRI ANBARASU ERA:** Certain items are placed in restricted list. Certain commodities are placed in the canalised item

and I do not know why this system is followed.

You are aware that oil is an essential commodity. If private parties are allowed to import oil, news print and other essential items, it can be sold in the open market at a cheaper price and the public will be benefited. Why is this restriction put instead of allowing the private parties? This has got to be imported only through STC, MMTC etc.

MR. SPEAKER: Why oil cannot be put on the OGL List?

SHRI ANBARASU ERA: Will the hon. Minister consider to abolish this system to allow the private individuals to import at least essential commodities to sell it to the public at a cheaper rate? Of course, the hon. Minister is very intelligent. He will say that he has to nominate a number of inspecting agencies. A number of inspecting agencies were closed and, therefore, those agencies can be employed for this purpose and, therefore, I want to know specifically and categorically what is the difficulty in allowing the private parties to import oil.

MR. SPEAKER: You are unnecessarily prolonging the question. If you do like that, I will disallow.

SHRI ANBARASU ERA: I will put the question in a nutshell. Will the hon. Minister consider allowing the private parties to import essential commodities like palm oil to sell at a cheaper rate?

MR. SPEAKER: You had now put that question very beautifully.

SHRI P. CHIDAMBARAM: Edible oil is a canalised import item. STC is the canalising agent. In view of the foreign exchange position, we could not import edible oil earlier. But in the last month, we have imported 66,000 metric tonnes of edible oil for the PDS. Keeping in view the demand for edible oil, another step forward is being taken. We have allowed State Government to import edible oil on escrow account. Initially, we

allotted 80,000 metric tonnes for States. But the demand is now close to 180,000 tonnes. We are allowing States to import edible oil on escrow account.

Should will to allow a third category of people to import edible oil is a matter which requires very careful consideration. Too many players in the edible oil market will only push up prices. Since the landed cost of palm oil is one half of the price of groundnut oil in the country, it will lead to a large-scale profiteering by private traders.

This is a very serious matter. We cannot take a hasty decision. The STC and the State Government are today the two agents who are importing palm oil.

[Translation]

DR. P.R. GANGWAR: Mr. Speaker, Sir, our country imports sackcloth from Nepal, China, Japan etc. Similarly several other items are also being imported free of custom duty. It is causing loss to the Central revenue. Through you, I would like to know from the Government whether there is any scheme to stop this practice and if so, what steps are being taken in this regard? Our country imports sackcloth on large scale from Nepal, China, Japan etc.

[English]

SHRIP. CHIDAMBARAM: My charge is with regard to legitimate imports and legitimate exports. Smuggling should be addressed to the Ministry of Finance.

SHRI JASWANT SINGH: Sir, the hon. Minister informed us just now and indeed a little earlier also, that earning more hard-currency and reducing the trade gap are amongst the aims of the new Trade Policy which is entirely commendable. Also commendable is the energy with which the hon. Minister has moved towards implementation of the policy which has now been offered. But I have two connected worries. A policy is as good or as bad as its implementation. I have often voiced this worry. But I have yet

to receive the reply. There are two parts of this worry. One is that in the implementation of this Policy, unless there are corresponding harmonious; simultaneous changes brought about in the Reserve Bank's regulation, in the Customs regulations, the implementation of the Trade Policy will not be effective. Would the hon. Minister inform us what changes are being brought about and with what kind of rapidity or speed?

Secondly, he spoke also about trade in Rupee-payment areas. There is indeed a very great worry here. The Rouble has collapsed as a negotiable currency. It is not even acceptable within the former Soviet Union. So, going by the old established norms of Rupee-Rouble Trade, there is an absurd exchange situation that has come about. The Rouble has virtually become equal to Rs. 400/- I just do not understand what kind of Trade Policy can be enforceable in the Rupee-payment areas if this kind of un-real Rupee-Rouble exchange obtains. Would the hon. Minister please clarify these two aspects?

**SHRI P. CHIDAMBARAM:** I entirely share the hon. Member Shri Jaswant Singh's plea that there must be a harmonious action on the part of the Customs, Reserve Bank etc. While I think we are all agreed that it should be done, I must confess that the speed with which it is being done in some other sectors does not quite match the speed with which Policy has been made in the industrial, trade and fiscal sectors. This is a criticism. I accept it. But on Customs, we have taken a major step forward. We have now published the Harmonised Code of Classification. The Harmonised Code of Classification is quite comparable with what is used in all countries in the world. The Customs have assured us that they will abide by the Harmonised Code which was prepared in consultation with them. This should go a long way in removing the grievances of both the importers and exporters.

We have also had discussions with the Finance Ministry to clear a number of other bottlenecks in the customs. I think, the Fi-

nance Ministry is also doing a major exercise on improving the customs.

On RBI, my only concern is the curves. These are being lifted. I hope, the remaining curbs will be lifted. Any detailed question on that should be addressed to the Finance Minister. I agree that we should be more faster on this.

On the rupee-rouble trade, the collapse of the rouble is an absurd rate one of the reasons why we are following a policy of compressing exports to RPA countries. It is an artificial rate. It is we will not do business in roubles. In fact, we are doing business in rupees. Even there, the protocol is valid only up to 31st December. Our officers and the Soviet authorities are in discussion. I expect that a team will go from India to the Soviet Union for the final round of discussion in the middle of this month. One of the issues that will come up is the rupee-rouble rate. We have done our home work. We are ready. We are looking forward to signing a proper agreement.

### Coffee Plantation in Orissa

**\*225 SHRI GOPI NATH GAJAPATHI:** Will the Minister of COMMERCE be pleased plantation in Orissa;

(a) whether there is a great scope for increasing areas under coffee plantation in Orissa;

(b) if so, the steps taken in the matter so far;

(c) whether the Coffee Board has drawn up any scheme to grow coffee in that state; and

(d) if so, the details therefor and the area identified in the state for growing coffee during the Eight Plan period?

**THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE ( SHRI SALMAN KHURSHED):** (a) to (d). A statement is laid on the Table of the House.