

ment signed on 29th July, 1987.

5. Consideration and passing of the Indian Contract (Amendment) Bill, 1988, as passed by Rajya Sabha.

SHRI G.M. BANATWALLA (Ponnani): Mr. Speaker, Sir, is it possible to complete all the business during those five working days that we have? What is the thinking of the Government? One thing I want to say. Sir, you protect us. We have to organise and arrange our own work. All of a sudden at the last moment. If we are told to sit for longer hours and to sit extra days, all our programmes get upset. During this election year, do not upset our programmes. It is also a great protection Sir. Let us be taken into confidence. We will cooperate and do all the work. We would like to know as to what is the thinking of the Government so that we can organise and go happily with you, Sir, on completion of the programme in an organised manner. Let there be no exploitation of the labour here.

SHRI P. NAMGYAL: Sir, we will take care of everything.

12. 11 hrs.

ELECTION TO COMMITTEE

Estimates Committee

[English]

SHRI K.S. RAO (Machilipatnam): I beg to move:

"That the members of this House do proceed to elect in the manner required by sub-rule (3) of Rule 254 read with sub-rule (1) of Rule 311 of the Rules of Procedure and Conduct of Business in Lok Sabha, one member from among themselves to serve as a member of the Committee on Estimates for the unexpired portion of the

term of the Committee *vice* Prof. Saifuddin Soz resigned from the membership of the Committee."

MR. SPEAKER: The question is:

"That the members of this House to proceed to elect in the manner required by sub-rule (3) of Rule 254 read with sub-rule (1) of Rule 311 of the Rules of Procedure and Conduct of Business in Lok Sabha, one member from among themselves to serve as a member of the Committee on Estimates for the unexpired portion of the term of the Committee *vice* Prof. Saifuddin Soz resigned from the membership of the Committee."

The motion was adopted

12.12 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

[English]

U.S. Government naming India an Unfair Trader' under the 'Super 301' provision of the U.S. Omnibus Trade and Competitiveness Act of 1988

DR. G.S. RAJHANS (Jhanjharpur): I can the attention of the Minister of Commerce to the following matter of urgent public importance and request that he may make a statement thereon:—

"Situation arising out of naming India as 'Unfair Trader' by the Government of the United States of America under the Super 301 provision of United States Trade Act and reaction of the Government with regard thereto."

12.13 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

THE MINISTER OF COMMERCE (SHRI DINESH SINGH): I share the serious concern of the Members at the unilateral decision of the U.S. Government listing India as a priority country under the so called 'Super 301' provision of the U.S. Omnibus Trade and Competitiveness Act of 1988. The U.S. has listed certain aspects of our policies on investment and insurance as priority practices whose elimination it must seek within a time bound period. The U.S. is seeking to assume jurisdiction to determine whether certain aspects of our domestic economic policies are fair or equitable. The step is an unwarranted encroachment on India's sovereignty. We are under no international treaty obligations in these areas and we are free to pursue policies in pursuance of our development objectives.

By initiating investigations under its laws the U.S. has brought about some uncertainty in our export trade. Given the provision of US law and the past precedent there is a real threat to our exports to United States. Both India and U.S. are contracting parties of GATT, which requires prior authorisation before any retaliatory step is taken against trade in goods. By ignoring this provision we believe that U.S. is endangering the multilateral trading system.

As Members are aware India is participating in the current Uruguay Round of Multilateral Trade Negotiations whose agenda includes trade related investment measures and services. By seeking to obtain concessions from India under coercion in these areas U.S. has put these negotiations in jeopardy. It has clearly violated the political commitment on 'stand-still', which it had undertaken at the time of launching of the Uruguay Round.

The U.S. Government has not yet approached us for negotiations in the context of Super 301 decision. We have, however, made it clear that Government of India will not participate in any negotiations under threat of retaliation. We have used every opportunity in GATT as well as in the various negotiating groups of the Uruguay Round to

voice our concerns. India's stand has received wide support and the U.S. action has been criticised by both developed and developing countries. We hope that the pressure of international opinion will deter U.S. from pursuing its path of unilateralism.

DR. G.S. RAJHANS: At the outset, I must congratulate the hon. Commerce Minister for his forthright statement. Particularly I congratulate him for the following part of his statement:

"The step is an unwarranted encroachment on India's sovereignty. We are under no international treaty obligations in these areas and we are free to pursue policies in pursuance of our development objectives."

There is no denying the fact that it is a challenge to India's economic independence. India just cannot open its doors to multinationals. In this connection I want to draw the attention of the House to a speech made by Prime Minister, Rajiv Gandhi, recently at a public meeting at Hubli, Karnataka where he said.

"India will not be cowed down by threats like Super 301 and is not prepared to hold any talks with the US on the latter's unwarranted action."

What the US is doing is really a very serious matter. On May 25, the US Trade Representative, Mrs. Carla Hills, unveiled the Bush Administration's plans for seeking tough measures against countries whose trade practices are seen as harmful to the United States. Under Section 301 of the US Trade Act, 1988, popularly known as Super 301, countries held guilty of trade practices considered 'unfair' by the United States will be asked to change their errant ways and fall in line with American demands or else face retaliation from the super power i.e. America.

India, Brazil and Japan are the three countries named under Super 301.

[Dr. G.S. Rajhans]

The United States' main grievances against India are: (1) trade related investment measures and (2) insurance market practices. Government approval is required for all new and expanded foreign investment and the approval is dependent on a number of factors. Foreign equity participation is generally limited to 40 percent. Investors are also required to use locally produced components rather than import these components. They are also required to meet export targets. America feels that these are unnecessary trade barriers. What can be more ironical than that!

America also feels that both general insurance and life insurance fall under State monopoly. Foreign companies should be allowed to compete with them. Well, we have a very limited foreign exchange reserve and if we allow others to compete in our insurance business, that reserve will be swallowed away immediately.

America's charge is that India is not protecting U.S. intellectual property rights, such as copyrights, trade marks and patents. This is a sort of 'School Marmish' attempt to discipline India. Just as a school teacher asks her students to behave properly otherwise they will be punished, America says: "You must obey our instructions, otherwise you will face retaliation." It is totally unjustified, irrational and unfair. U.S. action is particularly surprising, as the hon. Minister has himself said, because U.S. itself has built and retained a variety of barriers against access to its own markets and is, therefore, hardly in a position to ask others to lift barriers, without doing so itself.

India certainly needs access to USA which, in 1988, bought 3.2 billion dollars worth of goods. India's trade surplus is merely 5,700 million dollars, which is only 0.4 percent of its trade imbalance. This is very insignificant. Hence, it is hoped that the United States may simply not consider it worthwhile to pursue the matter too far. Well,

that is our hope; we do not know what the United States will do.

Super 301 is apparently a threat to our economy. India is a developing country with a per capita income of only \$ 350 per year, as compared to the United States' \$ 20,000 per year. Opening up the economy could also see our small foreign exchange reserves of \$ 54 billion being swallowed up, as I said earlier. Well, we congratulate the hon. Commerce Minister for taking a firm stand in this regard. It is surprising that the U.S. is demanding concession from India in the fields of trade related investment measures and insurance when these are being discussed in the Uruguay round of Multilateral Trade Negotiations. How can we give concessions in these areas bilaterally and, at the same time, meaningfully engage ourselves in multilateral negotiations? This is just impossible because we are discussing these in the Muruguay Round of Negotiations and, at the same time, USA wants that we should discuss these bilaterally. It is almost impossible.

The question is how should we react to the unilateral action. Just now the hon. Commerce Minister said that he has received global support in this regard. We will like to know which are the countries, both developing and developed, that have supported us on this move. I would also like to know how will the Government meet the situation—this is very important—if the worse comes to the worst and the United States carries out its threat, because our exports to the United States are quite substantial. Has any thought been given to this problem? Also, I want to know whether any contact has been made with Japan and Brazil, whose names also figure under Super 301.

As everybody knows, textile and engineering goods are the main items of our exports to the United States.

Which other items would be affected if this threat of 301 Super 301 is carried? I want to know whether any effort has been made to shift our exports from the United States to

other countries.

Lastly, I want to know whether any delegation of Indian business has been sent to the U.S.A. to mobilise the public opinion there.

[*Translation*]

SHRI VIRDHI CHANDER JAIN (Barmer): Mr Deputy Speaker, Sir, the situation arising out of naming India as "unfair trader" under the super 301 provision of United States Trade Act is a matter of great concern for us. India is fully empowered to take a decision on its economic policy. We can never tolerate if a country tries to interfere in our economic policies. India is an independent and non-aligned country and it has great influence on the international market. America wants to put pressure on India through the provision of super 301 and create a situation with a view to strengthening its trade and cover up its serious deficits. No country will appreciate this stand, rather they will condemn it. The stand taken by us in Canada, Australia and other countries of the world has been widely welcomed everywhere. The steps taken by the hon. Prime Minister are in conformity with our policies. The statements made by the hon. Minister of Commerce and Shri Chavan in the House are also commendable. I want to say that we must remain firm on our stand. Irrespective of the situation that may develop and the loss that we may have to suffer in our exports and technology, we cannot compromise our sovereignty. If we allow an attack on our sovereignty or be cowed down by U.S.A., we will confront a very grave situation. I am confident that we will remain firm in all circumstances and we shall do nothing which is detrimental to the country's honour. We are prepared to have a dialogue on the policy formulated by GATT. I want that the U.S.A. should be persuaded to follow the rules laid down by GATT and be prepared for a dialogue. We should create an atmosphere in which the U.S.A. will give up the idea of doing injustice to us and putting pressure on us. We have a voice in the international forum. It has given a jolt to the U.S.A. That is why they

want to put pressure on our export and are reluctant to give technology know how to us. It is, therefore, necessary that we should adopt a firm policy. Without saying much in this regard I want the hon. Minister to assure the House that we will adopt a firm policy on this issue and will not be cowed down by U.S.A. They are advising us to desist from unfair trade practices whereas they themselves are practising unfair trade policies. How can they accuse us of practising unfair trade? We can not accept this humiliation. I request you to take positive steps in this regard.

[*English*]

SHRI UTTAM RATHOD (Hingoli): Sir, the unfortunate decision of the United States under Super 301 not only affects our trade but also our relations with that country. It is not only India but Brazil and Japan have also been included in that category. On the one hand, America does not want Japan to flood their markets with Japanese goods and on the other, they do not want developing countries like Mexico, Brazil and India to come up very fast. Our trade relations with America are there for the last 40 years. They are our greatest partners in our trade. I do not know why at this particular stage they should have taken recourse to such Super 301 and put impediment or pressure on us to accept certain things which they want us to give to them. It can be anything. It can be the development that we have been achieving independently, it can be the development in other areas also that must have threatened. I only feel our country should find out other allies who can cooperate with us and give the same facilities so that we can go ahead. There are so many options available. This is not 1947. The only thing is that we have to go and discuss with them to get whatever we want from another country. They may be able to give us at concessional rates. We have seen that it was America which supported China. It helped them to build economically and today the same country, the same big brother is not prepared to import from Japan. This shows the method thinking of United States. I only wish though our

[Sh. Uttam Rathod]

relations are good, though so many countries—developed and developing—are supporting us, we should try and get help from other countries. We should not mind going to other countries for trade. After all, America is not everything. A small country like Cuba is not bothered about America. They do not bother about U.S.A. Why should be bother so much about it? No doubt, they are our biggest partner. But we can find out other partners in the international market and I only wish, you could get over it.

MR. DEPUTY-SPEAKER: Shri G.S. Basavaraju.

[*Translation*]

*G.S. BASAVARAJU (Tumkur): Mr. Deputy Speaker Sir, the decision of U.S.A. to name India as unfair trader is most unfortunate U.S.A. may think that India is still in the year 1947. We have achieved good progress in the field of technology and science. The developed countries have a eye on the progress of developing countries. Hence we have to be cautious.

We know how America is assisting China and Pakistan. At the same time we need not be afraid of any country. We want to be friendly with all the countries and at the same time we need not bow our head before other countries. I welcome the statement made by the Hon'ble Minister in this regard. I request him to be firm in this regard and take necessary steps in such situations. Sir, with these words I conclude my speech.

[*English*]

SHRI S.B. SIDNAL (Belgaum): Sir, I congratulate the hon. Minister of Commerce on having taken the bold step.

American politics is always very, dangerous because money power is with them. When they finalise their budget, they look into throughout the world as to what countries can be mortgaged and how they should

sell their goods and get those countries indebted. It is evident in the Latin American countries which are suffering now with hyper inflation. Every month there is 50% of the inflation because of this. They want to keep everybody at their disposal.

Many times, it was said whether politics is mistress of money or money is the mistress of politics. Americans play with the money and trade is also one of the political instruments. Right from the history, we see it. Even the British people came to our country under the garb of trade and settled here. Now, we have to examine whether it is a political game or commercial game and if it is political and they want to corner us, we have to be very serious about it. After the dialogue of Brazil and Japan with them, we should see what stand they have taken and whether that is conducive to the health of our economy or our policy. That should be examined.

Secondly, if we do not accept the principle or proposal made in the coming agreement, what is the alternative we have got? Even in Japan when Yen has become very strong in the international field, they want to purchase the products and put their brand and sell those products in the market. There is a lot of market for us. However, imposition of purchases on our country definitely demoralises us in the international field. Therefore, what is the thinking of the Government in this regard? Do we go in for a political compromise or a commercial compromise? In commerce, there will be no compromise and profit is the only motive. This is a very peculiar case. All these days, we imported more than 60-65% and their exports were hardly 18-20%. So, there was never any loss to them. Or, are they going to have slow growth in the coming 90s and getting recessive in their economy and is it in anticipation, having this fear in mind, that they have done this? These are all the important factors to be examined and America is not to be ignored, however they have behaved. We have to examine and compose our mind and go ahead. Political circumstances are a clear indication that they are not happy with our growth and, for that matter, many of the

*Translation of the speech originally delivered in Kannada.

countries may not feel happy because we are growing. They might not have been happy even with Agni blasting. Trade is also the main instrument of politics. What is our answer? How should we behave in future and how can we get compensated in other countries?

Lastly, what steps Brazil and Japan have taken and how are they behaving subsequent to this? When these two countries, and specially Japan, are very well in economy and their hands are very stronger than any other country. As the highest purchasing powers, they have also been branded like that. India may not consider it only on political lines. It can be considered on commercial lines. It may be that, if they do not conduct their trade on these lines, their internal economies may be hampered.

The hon. Minister has already taken steps in this regard and I would like to know if these three proposals are workable and viable and acceptable and conducive to our country.

Our country is competent to face any challenge, as my hon. friend has said. We are noting 1947. We are in 80s. We do not have that bad economy now. Today we are ahead of all other countries and we can continue to be ahead of all other countries because Shri Rajiv Gandhi has been working very hard on the concept of 20th century. It is not a casual statement. It is a statement which motivates the people to work hard and to make progress.

In 30 years we have made lot of progress. What progress we have made during the last 30 years, we can make within the coming 10 or 15 years. We can accelerate our growth. Under these circumstances, I do not think we should be afraid of these people. If we are afraid, anybody can hit us. If they are actually not withdrawing or coming to terms, let us accept the challenge and go ahead. Our country will not lag behind any other country.

THE MINISTER OF COMMERCE (SHRI

DINESH SINGH): Mr. Deputy-Speaker, Sir, I am most grateful to the hon. Members for the kind support they have extended to the policies of the Government and the kind words they have said about the Prime Minister and me in relation to the 301 Action that the United States has taken against India. May I say that the suggestions that they have made have been very carefully noted down by me? We shall bear these in mind in dealing with the situation as it arises. But in specific matters as such, may I say that a question had been asked as to the countries which have supported us. I have a rather long list of the countries that have supported us in Geneva, in GATT and in the public statements—there are a large number of countries. With your permission, I will give that names of a few of them: the European Economic Community, Switzerland, Australia, Japan, Brazil, Thailand, Mexico, Argentina, Tanzania, Korea, Yugoslavia, Pakistan, Turkey, Egypt, Cuba, Peru, Czechoslovakia, Canada, Nordic Countries, Hong Kong and a large number of other countries. In fact, if the question had been asked the other way round, it would have been easier for me to say that no country in the world has supported the stand of the United States.

I can assure the hon. Member Shri Jain:

[Translation]

That we shall not let anyone harm our sovereignty and national honour. In this regard we have a firm policy and this country will never bow before anyone.

[English]

One of the important points that we have to bear in mind is that during these 40 years of Independence, following the policies laid by Pandit Jawaharlal Nehru, India has attempted to build a self-reliant economy. This has given tremendous impetus to our development that from a country which produced hardly any industrial goods 40 years ago, we are now a major industrialised country. Therefore we should not be too concerned about this kind of an attempt or

[Sh. Dinesh Singh]

interference in our policies and also a desire to move us away from our policy of self-reliance. The United States, as was very rightly pointed out by Dr. Rajhans, itself has so many barriers against access to its markets. Therefore, it is hardly in a position to request the developing country like India to open up its market to the goods of the United States or to investment or to Services. We have a liberal policy of investment. We do not discriminate against any country. They all enjoy equal facilities for investment. We welcome foreign investment. But we welcome them in areas which we have designated to be of priority to us. Equally, we have welcomed them provided that they do not upset or attempt to take over our economy. Indian economy, we feel, must always be in Indian hands.

Sir, what has surprised us most is that while in the previous year, the United States' investment has doubled as compared to the earlier investment, they have chosen to declare India as a priority country in that area in which they enjoy the largest facility. The United States is the largest investor in India taking into account some earlier historical investment that the United Kingdom have but leaving that apart, the United States is the highest investor and we have not had any complaint from their banks or from their investment agencies about any discrimination or disadvantage that the United States investors may have had in India. In fact, we understand that some of the banks and other companies have represented to the United States' State Representative that the action they are planning or that they have thought of against India is unreasonable, that India is a fair country for their operation in India and for investment. Therefore, we are rather surprised, if not amused, that the United States should have chosen India to be declared a priority country in terms of investment.

Regarding services also it is amusing that they have chosen an area in which India has a particular service, such as, insurance

which they have named, nationalised in this country. and it is surprising that United States expect us to give facilities to its citizens more than we give to our own citizens. If we have nationalised insurance, how can we give an access in insurance to the United States or to any other country? Therefore, it really baffles us and it baffles anybody else we talk to, why the United States has chosen these two areas to declare India as a priority country. And, therefore, it is very difficult for us to prepare a strategy over a totally absurd matter. If there was any point in it, if there was any relation to reality in a matter like this, I could have understood that we needed to discuss, to negotiate, to prepare a strategy. What is there to discuss in a totally transparent issue as we have? That is why, apart from the unreasonableness and total unacceptability of their interference in our internal affairs, even on merits we have not found any reason to negotiate with them. And, therefore, we have made it quite clear that India will not negotiate under Super 301. But I might also say that as a country, we have never declined any request for negotiations. But it cannot be negotiation under threat, Super 301. If the United States wishes to negotiate to discuss, to talk with us on any matter in the world, we are quite open to do so provided it is done in an appropriate manner without any threat or retaliation. and that is why, we have said publicly also that there are many fora in which such negotiations could have taken place, as in fact, had taken place earlier, for instance, in the Joint Indo-US Commission that we have. We have discussed some of these issues even earlier and explained to them our national priority. As I said, it is difficult for us to draw up a strategy for a totally absurd situation. Nevertheless, we have, a question was asked, consulted with Japan and Brazil and with other countries in this matter. Both Japan and Brazil have themselves declared that they will not negotiate under Super 301. Their position is not very different from ours. So far as Japan is concerned, they are already having a total review of their economic relations between Japan and the United States. I suppose, there will be an opportunity to discuss this matter. Brazil has

said that these matters are already under discussion in the multilateral forum and, therefore, they will not discuss it unilaterally but will be discussed in the multilateral forum. Of course, these matters will be discussed in the multilateral forum in which we shall also be participants.

On the question of economic power that the United States has, there is no doubt that they have economic power. But that does not mean that we should bow down to them. They had military power and we did not bow down to them. Therefore there is no question of bowing down to them on this issue.

One hon. Member had asked us as to what could be the reason for this. I said, it baffles us because our trade is increasing, their investment is increasing and there is no reason for them to take any action against us.

We are hoping that wisdom will prevail and that United States would not decide to take any action. But if it does, then the multilateral forum is open to us. They have commitments, we have commitments and we shall take these issues before the disputes settlement machinery of the GATT at an appropriate time.

A mention was also made that we should try to diversify our trade so that there is no treat from any single country. I should like to inform the hon. Members that our trade is diversifying, that we are not dependent on any one country or a group of countries. United States is our largest trading partner; but so is the European Community, Soviet Union and various other countries. We shall continue to diversify our trade so that we are not under pressure from any one country.

12 57 hrs.

MATTERS UNDER RULE 377

[Translation]

- (i) Demand for review of the 'Catchment Programme' for land reforms in the Chambal Command Area of Kota and Boondi districts of Rajasthan

SHRI SHANTI DHARIWAL (Kota): Since 1975 a catchment programme for land reforms is being implemented in the Cham-

bal Command Area of Kota and Boondi districts of Rajasthan with the financial assistance of Central Government and the Government of Rajasthan. There serious resentment among farmers against this programme from the very beginning, because the programme is not being implemented as a land reform programme. Earlier, the agriculturists used to have land with approach roads and easy irrigation facilities whereas now the situation has reversed. It has increased their problems instead of mitigating them. Even after strong protests, this programme is being implemented forcibly for last many years. Government engineers are taking the signatures of the agriculturists by tempting them.

The said catchment programme was implemented in 52,900 hectares of land affecting 30,000 agriculturists and putting on them a burden of Rs. 15 crores, which they had to take as loan.

I request the Central Government to provide immediate relief to the agriculturists of Chambal Command Area and take up land reform work in their land. At the same time demand for repayment of loans of Rs. 15 crores including interest thereon by the nationalised banks may please be suspended. Besides, steps to make reforms in the entire programme and write off the loan arrears may also be considered in consultation with the representatives of the State Government and the agriculturists.

- (ii) Demand for construction of wall along the sea coast to prevent water from entering into the houses of fishermen living on the river bank in Bulsar district of Gujarat

SHRI U.H. PATEL (Bulsar): Mr. Deputy Speaker, Sir, some time ago, sea water entered into Bhotidanti and Chhotidanti villages situated on the river bank in Bulsar district in Gujarat, as a result of which 35 Houses collapsed and 300 acres of land became uncultivable. The fishermen living on the river bank have been rendered shel-