

[Translation]

(viii) Need for early completion of Banspani-Jakhpura railway line in Orissa

SHRI HARIHAR SOREN (Keonjhar)*: Sir, the Railway Ministry has approved the proposal for construction of a railway line linking Jakhpura with Banspani over a length of 179 kms. As a part of this programme, rail line has been laid between Jakhpura and Daitari. Unless the line is completed, iron ore from Barajamda sector cannot be exported to Paradeep over the shortest route. At present, the ore is exported by a roundabout route of 640 kms. If Jakhpura-Banspani line is completed the distance will be cut to half, viz., 320 kms. The transport cost will also be reduced correspondingly. This will mean a lot for promoting iron ore export through Paradeep. With reduced transport cost, the MMTC can offer higher discount to induce foreign buyers to take ore from Paradeep. The increase in the export of iron ore through Paradeep will help the growth of mining industry in Orissa. On the other hand, the decline in the export will result in complete closure of non-captive private mines. This will throw out of work thousands of Adivasi families, who depend upon activities connected with iron ore mining. The completion of Banspani-Jakhpura line is, therefore, of special significance to the tribal population. The Government of India, should, therefore, review the question of completion of the rail line from a wider perspective and accord high priority to this Project.

[English]

(ix) Need to alleviate the sufferings of people living in Khurda and Nayagarh (Orissa) due to acute scarcity of drinking water.

SHRI CHINTAMANI PANIGRAHI (Bhubaneswar): All the drought-prone districts of Orissa, including Panchayat Sanutu areas of Khurda and Nayagarh sub-divisions are now faced with an acute drinking water scarcity with all sources having dried up. Many of the surface wells have gone dry, while levels in other sources have dropped abnormally in the affected districts. Acute water shortage has forced the Tribals living on hill slopes to

desert their dwellings and shift to the plains. Again, prolonged power cuts in the State have further added to the misery of the people. Even regarding, the Tubewells which were sunk under the 20-Point Programme for supplying drinking water, 30 per cent of them had either gone dry or had become non-functional due to poor maintenance. I urge upon the Central Government to under take special measures immediately on war footing for alleviating the sufferings of millions of people of Orissa for overcoming this drinking water crisis.

DEMANDS FOR GRANTS (GENERAL)

1985-86

[English]

Ministry of Commerce and Supply—Contd.

MR CHAIRMAN: The House will now take up further Discussion and Voting on the Demands for Grants under the control of the Ministry of Commerce and Supply.

I will call the hon. Minister to reply at 2-45 P.M. in view of the fact that the Discussion on Sri Lanka has to take place at 4 P.M. Therefore I request hon. Members to be very brief.

SHRI K. RAMAMURTHY: How much time is left? The time allotted is 6 hours.

MR CHAIRMAN: The Minister will start his reply at 2-45 P.M. in any case.

SHRI K. RAMAMURTHY: How much time is left?

SHRI INDRAJIT GUPTA: 3 hours.

MR CHAIRMAN: Balance left is 3 hours, 6 minutes.

SHRI INDRAJIT GUPTA: Then, the reply will not be today.

MR CHAIRMAN: Shri Ananda Pathak.

SHRI ANANDA PATHAK (Darjeeling): Mr Chairman, Sir, the Note on the Demands for Grants of the Ministry of

*The speech was originally delivered in Oriya.

Commerce has stated that the main objective of commerce is mainly to organise, develop and regulate the country's external trade, to promote the export of Indian products and commodities and also to develop the textile industry, develop the jute industry and to promote the export of textiles, handicrafts, jute and silk products and other related matters.

The Performance Budget and the Annual Report of the Ministry have also painted a very rosy picture to demonstrate that the Government is determined to boost the export and to reduce the trade deficit and also the balance of payments. But what is the picture? What is the reality today? The picture is, as the Government report states, that in recent years, there has been a near-stagnation in the international trade flows. Why? Because, there is serious recessionary condition in world economy and the protectionist policies pursued by the industrialised countries, which the Government has admitted in its report. Who is responsible for this? My own impression is that the Capitalist and the Imperialist powers (who are trying to solve their deepening economic crisis at the cost of developing and under-developed countries) are primarily responsible for this. But unfortunately, the Government of India has also been following the same path of Capitalist development in our country,—the path which is mainly linked with the crisis-ridden world capitalist system—despite the fact that we have solemnly resolved to constitute India into a 'Sovereign, Socialist, Secular, Democratic Republic' as the Preamble to the Constitution of India says. But we find that in practice the Government is not trying to develop the commercial activities with the socialist countries. Instead of increasing our trade with the socialist countries, we are more and more relying on the capitalist countries. India's share in the world trade is miserably negligible and the trade deficit has increased to Rs. 5895 crores in 1983-84 from the level of Rs. 5448 crores in 1982-83. This is your achievement. I do not know where this policy is leading to.

Sir, you have claimed that the India's total export has increased by 10.8% in 1983-84 over the Export of 1982-83 and

during the period from April to December 1984, it has registered an increase by 18.8%. In the meantime, it is to be noted that the Import has also increased by 9.8% in 1983-84 over the import of 1982-83 and during the period from April to December 1984 it has further increased by 12.8%. The fact remains that the trade gap is still very wide and you have not been able to assure that the gap will be narrowed down in the coming years.

Now, you have announced that your new Export-Import Policy in the Lok Sabha on April 12, and called it a "Balanced Policy" and it is neither 'liberal nor restrictive'. But a study of the policy would reveal that there is a substantial degree of import liberalisation. For the first time, this new policy would have validity for three years as against the practice of reviewing and announcing new Export-Import Policy every year.

You have decided to "decanalise" the import of as many as 53 items of which 17 have been shifted to Open General Licence. You have put another 201 items of Industrial machinery under Open General Licence. You have introduced a new import-export Pass Book Scheme to provide duty free access to imported materials for manufacture-exporters. In case of remaining "canalised" items you have undermined the role of manufacturing units of concerned commodities in the public sector as "canalising agencies" for their imports. And as promised in the Budget, a liberalisation of imports for computer system has been effected. On all account we find that the new Export-Import Policy is in the main directed towards import liberalisation. The role of the public sector in importing important items like oil and fertilisers and several steel items has also been minimised and the role of private sector has been highlighted very candidly. On the plea of drastically changing the procedure and streamlining them, import has not only been made quicker but also easier which will open the possibility of enlarging the bill of unnecessary imports.

14.00 hrs

That is how a clear measure of import liberalisation has been undertaken. It is

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said that liberalisation would improve efficiency and technological revamping of Indian industry and that it would benefit consumers and also conserve foreign exchange in the long run, even though in the short run it may increase foreign exchange outflow. But in fact, the short-run foreign exchange outflow on account of liberalisation would push the balance of payments deeper into the red, would increase the country's debt burdens and consequently increase the debt servicing charges. Thus the possible gain in the long run would be offset by the burden resulting from certain losses in the short-run. Therefore, in the long-run also, we will not be benefited.

Moreover, apart from the obvious economic burdens as manifested in a worsening payment position, there would be far more serious burdens which would compel us to surrender to the diktats of the imperialist agencies and multi-national banks.

The signal is not far off to see. Our Commerce Minister has just returned disappointed from Washington after having meetings with IMF and the World Bank under the leadership of the USA.

Now Sir, coming to the question of acquiring latest technology, we have to keep in mind that import liberalisation would destroy the indigenous equipment making base and technology base and this would nullify even the small advance that India has made and even the small prospect that India has, of coming upto world levels as a technology generator in certain fields.

The new policy would pave the way for inviting multinationals who would flood the market with their products at the cost of indigenous products and fritter away the scarce foreign exchange. By this, only a handful of capitalists would reap high profits at the cost of consumers.

Therefore, the only solution is to snatch away these massive profits from the hands of private capitalists either through appropriate taxation or through reserving such fields for public sector. That is the only way of keeping out of this vicious circle.

But instead of adopting this course, the Government is liberalising imports, which apart from other ills, would also take away jobs from Indian workers. This is the fundamental difference between the socialist planning and capitalist planning. The main thrust of this policy is to liberalise imports, but no such stress and emphasis has been laid on export front. The Government has not taken positive and corrective measures to ensure the necessary infrastructure and other essential facilities for operation of export trade.

The provision for assisting small scale sector to export their products as much as possible, has been missing in this Policy Statement, whereas it was there in the Policy Statement which was announced last year.

Sir, we have a lot of exportable items like tea, jute, jute products, coffee, cashew, textiles, cotton fabrics, spices, fruits, engineering goods, etc. etc. But serious efforts have not been made to boost the export trade of all these commodities which are available for export. Although the money value of exports, according to the Report, has increased no doubt to some extent, but in terms of quantity we are exporting less and less. Take, for example, the decrease in the export of engineering goods. It is the maximum. The engineering industry is facing difficulties, and our talented engineers are also suffering.

As far as our import policy is concerned, we say that if you seriously study that policy from top to bottom, you will find that import liberalization has been adopted in the policy statement.

Coming to tea industry, although it was facing some constraint due to low prices and other factors two years back, there is now no constraint, and the prices have picked up. Our export has increased from 209 million Kg. in 1983 to 215 million Kg. in 1984; and the target for 1985 is 273 million Kg. There is still a possibility of increasing our tea export, if the Tea Board and other agencies work in a concerted manner. But it is not being done. Tea production is going up, and the domestic demand is also rapidly increasing, but the prices of common tea in the indigenous market is too high,

considering the purchasing capacity of our Indian consumers. Government should find ways and means of ensuring a reasonable price in the domestic market. However, I have no objection if our tea brings in higher prices from export.

Tea industry is earning profits. So, Government should see that the tea plantation owners plough back their profits for development. Otherwise, the same old constraints and difficulties may crop up again. They will divert their profits. That is why it is high time that Government finds out ways and means, so that they are compelled to plough back their profits and make arrangements for future development.

We expected that the Tea Trading Corporation of India would do something in ensuring reasonable prices for our consumers, as it is mainly engaged in tea trade, but it has miserably failed. According to a memorandum submitted by the TTCI Employees' Union to our Minister of State in the Ministry of Commerce, we find that the TTIC is running in loss, dependent on bank debts and Government subsidies. It has no plan, its foreign contracts are faulty, its handling of negotiations is inept, it supplies sub-standard tea, and its overheads expenses are out of proportion. That is why TTCI is now running in losses. If these maladies are not corrected or removed in time, it will go into liquidation.

This apart, big monopoly houses like Lipton, Brooke Bond and their subsidiaries have controlled and monopolized the entire market of tea. This monopolization is ruining the prospect of our tea trade, better prices for producers and a reasonable price for consumers.

You will be surprised to know that a few years back, a number of branches and Indian subsidiaries of multi-national corporations operating in tea plantations, including process and manufacturing, had been remitting crores and crores of rupees abroad annually. They remitted Rs. 639.78 lakhs in one year i.e. 1978-79 alone. Subsequent figures are not known to me. I have given notice of a question asking for information for subsequent years, i.e. upto date information from the Ministry regarding such remittances abroad.

Therefore, I urge upon the government to curb remittances abroad in the interest of our industry, workers and country.

Darjeeling produces 11 million kgs world famous finest tea in the world. But more than 44-45 million kgs tea is being sold abroad in the name of Darjeeling tea in the international market. In this way, they are tarnishing the image of Darjeeling tea which is the prime tea of our country. Such manipulations must be stopped at once. Darjeeling tea gardedes are facing a lot of problems like low production, old bushes. There are so many maladies. We raised this point in the Consultative Committee meetings and also in Parliament many times. Thereafter the government sanctioned Rs. 43 crores for revamping and rejuvenation of Darjeeling Tea industry. But it has not been implemented. In fact in the Report I saw not a single tea garden has received money. There is the saying that the operation is successful after the patient has died. Let it not be repeated here. If that happens, then there is no use of spending so much of money. Therefore, I urge upon the government to implement it immediately before this tea industry finally dies.

Similarly, there are other industries, jute industries which are also facing a lot of difficulties. The main difficulty is that jute barons are not ploughing back the money; they are diverting it to other channels due to profit motive; due to diversification of money, the jute industry is suffering like anything. Lakhs and lakhs of workers are suffering from unemployment. They have decided to go on strike in the month of May 1985 for the nationalisation of jute industry. Their main demand is to open jute mills and give employment to the retrenched workers; and ultimately, the jute industry should be nationalised. The same is the case with textile industry. Lakhs and lakhs of workers are working there. Government is earning revenue from there. We are also exporting it. We find that this industry is also facing a lot of difficulties. It is suffering from many ills. Many workers have been retrenched. Many cotton mills have been closed down. They are also diverting money to other channels due to profit motive. The only solution is that this industry should be nationalised.

[Shri Ananda Pathak]

There are some textile mills which have already been nationalised, but their functioning is not upto the mark ; that is to be looked into and more textile industries should be nationalised in the interest of the workers, industry and the country.

In the South, there are so many other exportable commodities. Like Coffee, Cashew, Paper, Coir, Cardamom etc. They should be encouraged for more and more export so that our export may be pushed up and we can earn foreign exchange which very much required for our country.

There is the Enemy Property Act which is being administered by the Commerce Ministry. But the main problem is that refugees are coming from erstwhile East Pakistan into West Bengal. They have already come here ; they cannot go back. They have left there their property and other things. They are mainly concentrated in West Bengal. They prefer their claim in Calcutta. At present the claim is being processed and scrutinised in Delhi, but the payment is being made from Bombay.

It is a time consuming process and many of the genuine refugees are deprived of their payments. Therefore, I urge upon the Government to see that the claim is received in Calcutta and if it is necessary it should be scrutinised there and the payment should be made in Calcutta itself. This would help in streamlining the procedure and also the refugees are also relieved of harassment and delay.

MR. CHAIRMAN : Shri Debi Ghosal.

SHRI DEBI GHOSAL (Barrackpore) : Mr. Chairman, Sir, I thank you very much for giving me this opportunity for rising and speaking for the first time in this House before the hon. Members and the hon. Ministers on the Demands for Grants for the Ministry of Commerce and Supply.

Speaking on this particular occasion, I would just like to remind this House—or inform this House—that I represent a constituency in West Bengal having about 21 mills out of all the 62 jute mills in the

country. There are 21 of the functioning jute mills are within my constituency and out of them 7 mills are closed.

The other day the hon. Minister for Textiles and Supply was speaking in the course of the debate. In his speech he could hardly find any scope for him to speak for more than three minutes on this very sensitive industry. I was very much interested in getting the present state of uncertainty prevailing in the area for the mills and the general workers of Bengal to be removed who depend on this very vital industry and the ancillary industries.

I do hope that the hon. Commerce Minister who is present here would be kind enough to know my feelings and observations and that he will do something in this respect so that the uncertainty prevailing in the area or in the State altogether as a whole can be removed and those people can be pulled out of the present state of distress.

You know that out of nearly 60 functioning jute mills almost 16 jute mills in the State are closed. There are almost one lakh of people depending on them a few lakhs more depend on other sources supplying ancillaries and other things connected with this industry. This is resulting in a chaos and economic uncertainty all over the State. Now in finding out the causes for such uncertainty and impasse we come across certain feelings and information that these are only because of the State Government, the financial institutions, bad managers with record of bad management resulting in the position as it is today and in some aspects the industrial unrest arising out of the differences between the trade unions or a department of the Government namely the Labour Department.

Now, I would request the hon. Minister to kindly make sure that these units which are closed at the moment but can be opened with some touch of assistance either from the State Government or the Central Government, should be opened immediately. I could gather that out of the seven mills closed, one mill is closed because the State Government machinery has failed to bring about a settlement or solution of a very flimsy dispute relating to the resentment of a section of workers to go from

one place to another. There is no other problem with that mill. But in this the best managed mill, and the most affluent mill in Barackpur, West Bengal, 5000 permanent workers are thrown out of their employment and earning because the Government's conciliation machinery has failed to convene a meeting and settle the dispute prevailing over there. Same is the case with another jute mill where a particular department has a problem. This also could not be settled and this mill also had the same fate as the earlier one. If you just identify these mills and isolate them, I can tell you that without doing much at least these two mills can be opened immediately. There are some other mills which have different reasons for their closure. Some have their own problems either created by themselves or had been induced directly or indirectly through the inaction of the State Government for years. Now, they have become sick and they do not have money. This can be apparently seen by anybody. The problems relate to their default in PF dues, ESI contribution, non-payment of gratuity to those who retired earlier. In these cases, the State Government has also shown enormous inaction and indulgence in managing these units. The commercial banks and financial institutions should also be touched in this respect. In some cases, because of lack of coordination between the Reserve Bank and the commercial banks, problems arose. In one case relating to this industry we have seen that some schemes were endorsed by IRBI on the question of viability and the same had been endorsed by the RBI to liberally assist the units to tide over a particular problem, the commercial banks did not come forward in time, as a result of which certain problems which could be avoided and the mills could be kept open, remained as it is and the mills had to close their shutters. And thereafter after a long gap, these problems could be sorted out and the mills were opened after a long period.

Recently we have seen a new thing which is unprecedented. The State Government, in order to get credit from the workers who are not literate enough to understand the things, decided to reopen three or four mills. They issued notices under Section 10 (3) to the managements to reopen those units, knowing fully well that they did not have enough funds and that

they had certain trade union problems to be sorted out first. But the State Government wanted to be hero and they just issued notices under Section 10 (3) asking them to reopen their units. The managements were given prior intimation to this effect at the same time so that they could go to the court in time and obtain an injunction, so that later on the State Government could say that because of the bureaucratic and bourgeoisie system of the judiciary all this has happened, so, what could the State Government do. Two such cases were contested by me and I had to be a party to oppose the injunctions moved by employers. Though the State Government was supposed to fight these cases they were found to be in default for absence. These are the things going on.

AN HON. MEMBER : What about the jute industry ?

SHRI DEBI GHOSAL : We have been discussing jute industry here. Unless both the Central Government and the State Government become seriously interested to sort out the problems with the commercial banks and unless the owners are also asked to sort out their problems and give a definite assurance about their efficiently managing the affairs in future, the industry will remain in an impasse for some more months causing enormous hardship to the poor workers. So, I would request the hon. Minister to kindly look into this problem.

The other day, when the hon. Minister of State for Supply and Textiles gave his reply on textiles, he should have covered jute also. Since he got hardly three minutes to speak on jute, most of the issues concerning jute could perhaps not be covered by him. So, I will request the hon. Commerce Minister, who is present here, kindly touch in his reply those aspects also which could not be covered by the Textiles Minister.

Now I will say something about tea. Tea is the second largest foreign exchange earning industry of the country and is located in the eastern parts of the country like Bengal, Assam and such other places. This is another industry wherein both the Central Government and the State Governments are getting good revenue and giving heavy advances through banks to improve their condition. The heavy cost of produc-

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tion in this industry is very much coming in the way of our exports and earning foreign exchange owing to heavy competition from other countries. Since we are producing a better quality of tea, so this aspect should also be looked into so that this industry can prosper and the economy of Bengal, which is mainly dependent on jute and tea, is not allowed to be shattered for all time to come, and subsequently, with the improvement of these two industries, the State could be made a prosperous one as it was before.

I would request the hon. Minister to take a note of it that some of the cotton mills have closed down in our State. I know of a mill wherein IRBI was having 85 per cent of the shareholding of that mill. Only the remaining 15 per cent shareholding was owned by the management of that unit. If these remaining 15 per cent shares are also taken over by IRBI, the mill can be owned by IRBI itself. But they want the private industrialists to come forward and take over the unit which is sick now, but 85 per cent of those shareholding belongs to IRBI. Such sick units should be taken care of in such a way that the heavy shareholding by the Government agencies is not allowed to be passed on to the private entrepreneurs. The Government should rather think over whether this unit could be tagged with NTC or could be taken over straightway by IRBI.

Now I come to the question of payment of compensation to those who have come from Bangla Desh and who have left their properties there. As an hon. friend from the other side was saying that when the cases for compensation after proper verification are disposed of, if at least part of the compensation amount could be invested in small or medium industries, that would perhaps give employment to some sections of younger people.

That at the moment we cannot think of. So, I would request that cases of those with industries, business or commercial establishments left behind and are in the waiting list for consideration by the Government may be expedited and after proper verification some money given to those people so that they could make for investment in the small and medium scale

industries. If this is done our State will feel benefited and the people will get an additional source of employment.

SHRI INDRAJIT GUPTA (Basirhat) : Mr. Chairman, Sir, you have already announced that the Minister will be called on to reply at 2.45. It is a vast subject and the time is very short.

SHRI VISHWANATH PRATAP SINGH : Sir, you can give my time to Shri Indrajit Gupta.

SHRI INDRAJIT GUPTA : That means you would not reply at all.

SHRI VISHWANATH PRATAP SINGH : No, no. I will reply.

SHRI INDRAJIT GUPTA : Anyhow, Sir, I will be brief.

MR. CHAIRMAN : Anyway, the time available to your party is six minutes.

SHRI INDRAJIT GUPTA : I know. That is my misfortune.

The plight of the Jute Mills and of workers in West Bengal has been dealt with here by many Members. We had a discussion on this through a Calling Attention notice on the 9th of this month.

I think as far as the Finance Minister is concerned, this is one of the testing grounds for him, for one of his main theses which he expounded during his presentation of the Budget was about what is going to be done with bad managers; that they should not be allowed to remain in circulation. He said they should go out of circulation like bad money or bad currency. Well, the Jute mills are the testing ground for him. I do not know whether the Government is making any study to what extent the worth of these jute mills has been reduced to zero by these mis-managers, as I would like to call them. In some cases, it has been reduced to at least fifty per cent or less and the Minister had promised that action would be taken against such type of people. There are people owning mills, but they have nothing to do with the jute production at all. They are not interested in jute production. They are pure and simple speculators and racketeers. The people who own fine mills like the North Brook Jute Mill and the Dalhousie Jute Mill have never in their life been interested in

manufacturing jute at all. They are busy now trying to siphon off the money from these mills into other fields. Therefore, there is really a major crisis which we do not know how we are going to overcome. The jute mill owners have announced closures or lock-outs and at the moment 16 mills affected and about 75 thousand to 80 thousand workers are out of jobs. The main motivation of these closures or lock-outs was not really correctly reflected in the plea that they are suffering from shortage of raw jute and there is non-availability of fibre, which is causing them to close the mill. I had said that they have got certain motives here. One of them is to pressurise the Government into making further concessions to the mill-owners. Now, on the 25th of this month, just four days ago, the cat has been let out of the bag by no less a person than Mr. B.K. Jalan, who is the chairman of the Indian Jute Mills Association. He held a press conference in Calcutta, which was widely reported.

14.34 hrs.

(SHRI VAKKOM PURUSHOTHAMAN
in the Chair)

He had said clearly that he had certain demands to make. First demand was that the industry should be given relief from the Central and State taxes and duties for three months. Secondly, they want exemption from the Energy Control Order of the West Bengal Government and power cuts. I do not know how this is relevant because all these jute mills are running on their own generators. They do not depend on the State Electricity Supply at all for their supply. But anyway, he is making this demand. Thirdly, he has also demanded—it is very interesting. I did not know about this earlier—the escalation of duties on firms producing synthetic substitutes of jute goods. According to Mr. Jalan the Government here is encouraging a number of firms to produce synthetic substitutes of jute goods. All this time we used to be told that this was a danger abroad, in foreign countries, where people did not want to buy our jute goods and where they are going in for synthetics. According to Mr. Jalan, 68 units producing synthetic substitutes of jute goods had been registered in one month here in India, which together had

an annual production capacity equivalent to 500,000 tonnes of jute products and licences had been granted to 150 more such units. I do not know whether this is a fact or not. If it is so, I would like to have some confirmation or contradiction or something of this. I do not know whether this is a deep laid strategy on the part of the Government to pressurise the likes of Mr. Jalan in bringing down the prices of his jute sacking by encouraging other synthetic manufacturers. But I must say was surprised to read this. It is for the first time I have come across this particular complaint by our jute mill owners. Any way, the point is that they are out for some tax relief, some more concessions and some more subsidies and they say that without getting those things they are not going to reopen these mills. On the 9th of this month when the discussion was held here, Mr. Chandrasekhar Singh was handling the discussion, he gave a categorical assurance on a suggestion made by me that very soon a very high level meeting or conference would be called in which the Central Ministries, the State Governments, the Indian Jute Mill's Association, the National Jute Manufacturers Association, that is, the nationalised sector, and the trade unions or anybody else you like, who is concerned would be called to sit together, put their heads together, to try to find some solution to this crisis of these closed mills and get as many of them as possible opened. He said, the matter will be dealt with urgently. That was on the 9th. Today it is 29th. I just returned from Calcutta, I spoke to Mr. Jyoti Basu. He said, they have not informed them anything from Delhi as to whether such a conference is going to be held or not held. He said, 'All that we have told the Centre is that if such a meeting is to be held, it would be preferable if it is held in Calcutta and not in Delhi. Any way, that is a minor matter. To me it does not matter whether it is held in Calcutta or it is held in Delhi. But the point is the urgency of the situation requires that this type of conference should be held. Somebody is going on accusing the State Government—this has become a pet thing here—that it is because of the State Government's incompetence or failure or something like that. It is all right, we will argue on

[Shri Indrajit Gupta]

this later on. At the moment nobody is showing any particular efficiency or competence to open these mills. Let us sit together, let us put our heads together and find out what is the trouble, how we can get over this and at least see that these mills are put back to work and the unemployed people get back their jobs. So, I want to know what the position is. Is this really under serious consideration or was that just said the other day in the House simply in order to placate the critics?

Secondly, I would say a word or two about this new export-import policy which was announced the other day. For three years—for the first time it is a policy which is not for one year only, but for three years—I can make out of course I also read in the papers, I was not surprised to see that Mr. Vishwanath Pratap Singh did return a disappointed man from these meetings he went to of the World Bank and IMF. But at least he should tell us a little more about it. What frustrates me is, we know what is happening, we know what the external environment is, we know how these people are trying to put pressures on all the developing countries and how they are succeeding to a large extent in scuttling our development and all that. But the Government of India for some reason—I do not know why it sticks in their throat, why they cannot speak about it. You are the Chairman of the Non-Aligned Movement, you are the leaders of the non-aligned world and we have to get out of this mess together. Why not we try to take some initiative so that some concerted, collective action can be thought of by all the developing countries together to see that these people cannot squeeze us dry like this.

MR. CHAIRMAN : How many minutes more you want ?

SHRI INDRAJIT GUPTA : Up to the time the Minister replies. That is what he offered me.

MR. CHAIRMAN : No, Mr. Gupta, you know, your party has got only very limited time.

SHRI INDRAJIT GUPTA : He made an offer. What can I do? I have taken his offer at face value.

MR. CHAIRMAN : No, no. We have

to call other Members from the Opposition as well as from the Ruling Party.

SHRI INDRAJIT GUPTA : I will request you humbly that this reply to this question...

MR. CHAIRMAN : Normally, I will not ask this question.

SHRI INDRAJIT GUPTA : There were three hours and 6 minutes remaining out of the allotted time, when we began this debate...

MR. CHAIRMAN : According to the information passed on to me, the Minister has to start his reply by 2-45 p.m. There are so many Members also to speak. Kindly try to finish your speech in another 5 minutes.

SHRI INDRAJIT GUPTA : It is physically impossible. Even if I finish in 5 minutes, others would not be able to speak. We can continue tomorrow.

MR. CHAIRMAN : In consideration of other Members try to finish your speech in 5 minutes.

SHRI INDRAJIT GUPTA : Further liberalisation of imports is their Government's policy, in my opinion, it goes against the basic interest of our self-reliant development and will further aggravate the debt crisis. It will harm a number of domestic industries. This decanalisation of 53 import items and putting 201 items of industrial machinery on the OGL is going to cripple also the expansion of very good machine building industry, industrial machinery building plant which we have got here. We have got it here in the public sector also like Hindustan Machine Tools or Heavy Engineering Corporation and all that. So, I am told that some variety of garments is also put on the OGL. If it is true, what is the logic of putting readymade garments which we were exporting at one time? Any way this export-import policy—which I cannot discuss now for lack of time—is, it appears to me, part and parcel of the philosophy expounded during the Budget presentation. The public sector role should be diminished further and the private sector people should be given a push and be allowed to run things in their way.

Then, finally, I would say about textiles. I am told that there is a shortage of raw cotton also. That is what we need

for our industry. But they are being allowed to export.

PROF. N. G. RANGA : Long staple cotton is in surplus. Short staple cotton is in deficit.

SHRI INDRAJIT GUPTA : Any way, regarding this threatened closure of DCM about which some references were made earlier this morning, I want to know whether the Central Government are actually seized of this matter or they are taking the plea as I was told in reply to a question of mine, "It is a matter which concerns the Delhi Administration and, therefore, does not come strictly under the purview of the Centre". I do not expect this kind of argument at all. This is a threatened major closure of one of the largest textile mills in the country. It is the camouflage. The order of closure is a camouflage and nothing else. It is camouflage for a huge land racket, racket in land profiteering which is, I think, being worked out in collusion with some people in organisations like the Delhi Development Authority, Delhi Administration and so on. This mill which occupies land including the mill premises and the workers quarters will now have a value of may be Rs. 600 or Rs. 700 crores. That value is being worth what they are in Delhi city. This is what these people are all for and they have suddenly decided to close down the mill in the name of not violating the master plan. Master-plan is in existence since 1966. For all these years, nobody ever bothered, nobody ever said that DCM situated at Bara Hindu Rao is violating the master-plan and should be made to shift somewhere else. After all these years, nearly 20 years, the proprietors of DCM have suddenly become great apostles of master-plan and decided that they must close down the mill. The real truth of the matter is, they want to convert this whole land into business establishment. They have said so; Business establishments will be allowed to either take it on rent or buy this land and they will make a huge profit, some Rs. 600 or Rs. 700 crores, out of it. This is one aspect, apart from the unemployment and the horrible suffering that is going to be imposed on thousands of workers and their family. So, I would request the Central Government to look into this

matter urgently and see to it that under no circumstances, permission is given to them for this closure.

DR. A. KALANIDHI (Madras Central) : Mr. Chairman, Sir, at the outset, I thank you for giving me an opportunity to participate in the discussion on the demands for grants relating to the Ministry of Commerce and Supply.

In the Annual Report of the Ministry, on p. 3, it has been stated that the export earnings increased by 15.3 per cent in 1981-82, by 14.1 per cent in 1982-83 and by 10.8 per cent in 1983-84. I would like to know from the hon. Minister whether there is an increase or decrease in export earning. He should make earnest efforts to improve the export earnings.

There is free import of cellulosic and viscose fibres. As a result of that, a Company called the South India Viscose Ltd. at Sirumugai in Coimbatore district is at the verge of closure resulting in the unemployment of nearly 3000 workers. I would request the hon. Minister to consider it and stop the free import of cellulosic and viscose fibres and put a restriction on that. Already, Tamil Nadu is occupying 13th position in the industrial list. I would request the hon. Minister to encourage the industry and try to bring Tamil Nadu to the 2nd position and not to push it back.

With regard to textile industry, it is now becoming more sick. I do not know whether the sickness has been treated by a doctor or the root cause of sickness has been found out. As a doctor, I feel that sickness is due to starting of powerlooms in benami names by textile mill-owners which are more remunerative for them. I would request the hon. Minister to look into this aspect.

Our Prime Minister at a public meeting in Pondicherry said about the reopening of Anglo French Mills. I would request him to take earnest steps to re-open it urgently to alleviate the sufferings of workers and also see that it is nationalised.

The B&C Mills has recently been reopened. But the workers are suffering a lot. I would request the hon. Minister to pay an ex-gratia amount of Rs. 2000 to

[Dr. A Kalanidhi]

each worker.. The Finance Minister being the Commerce Minister also, he can influence the nationalised banks, the State Bank of India, to disburse loans immediately. They are asking the B&C Mill workers to give more production without modernisation of the Mill. Unless the modernisation is done, I do not think the workers can give more production and the Mill can survive. Again, I am afraid it may become sick and it may be closed down. I would request the hon. Minister to pay immediate attention to the modernisation of the B&C Mills.

Regarding handloom industry, unfortunately, the Finance Minister has levied an excise duty of 4 per cent on yarn. At the same time he says that they are encouraging the handloom industry. It is just like pinching the baby and rocking the cradle. He should remove the export duty on yarn so that the handloom industry can survive. The handloom stocks worth Rs. 200 crores are lying unsold for want of buyers. I would request the hon. Minister to give subsidy so that the rebate of 20 per cent can be increased to 30 or 40 per cent and the stocks are cleared. In this way, the handloom industry can survive.

Another suggestion of mine is that certain types of dhotis and saris should be exclusively allotted for the handloom sector so that the age-old industry can be prevented from perishing.

Coming to N.T.C., the time-scales of pay are not given to the NTC show-room workers whereas the time-scales of pay are given to the employees of the NTC mills. I may also point out that in Patana the showroom workers are given time-scales of pay whereas in Tamil Nadu the show-room workers are not given time-scales of pay. This discrimination should be removed and I request the hon. Minister to make note of this. I would urge upon him to see that time-scales of pay are given to the show-room workers also. I request him to consider this also.

Then, certain gold ores are found in Dharamapuri district. Earnest steps should be taken to explore the gold ores and set up a goldmine there.

I understand the Central Government has put a ban on trapping cobras and pythons. This is legitimate because they are poisonous snakes. But I cannot understand why they should put a ban on whips and water snakes. They are non-poisonous. The Irula community, Harijans, Scheduled Castes and Tribes of Tamil Nadu, Andhra Pradesh and Bihar are involved in trapping the whips and water snakes. They get Rs. 5 to Rs. 10 per snake. I request the hon. Minister to remove the ban on whips and water snakes so that these Harijans, Scheduled Castes and Scheduled Tribes people can earn their livelihood.

Regarding free import of electronic goods under OGL, the import of several electronic items has been liberalised under the new import-export policy which will be in force for three years. This will adversely affect the indigenous electronics industry.

We are importing potassium chloride for agricultural use. It is not required at all for agricultural use. This is sold for industrial use at a premium. The middlemen get an unearned income out of it. The import of potassium chloride for industrial use invites 220 per cent customs duty. I demand that the hon. Minister should put a ban on the import of potassium chloride for agricultural use.

With regard to the sericulture industry, I was a Member of the Central Silk Board for two years while I was a Member of the Seventh Lok Sabha. They are not doing any work for the promotion of silk industry. We are losing our market to China and other countries in silk exports. I would request that two members from this industry should be included in the Central Silk Board also.

There is one industry called Spun India Private Ltd in Bangalore. They are doing very well now. We should take some members from the Spun Silk Ltd into the Central Silk Board. They can give some suggestions for the improvement of sericulture.

Similarly, in tea, we are losing to Srilanka and Kenya. We are exporting fish to meet just 1% of the world demand even though we have 200 KM of sea coast available for fishing. Japan and Taiwan together meet 80% of the world demand

for fish. Therefore, we should make use of our sea coastline properly so that we can also meet most of the world demand for fish,

Before concluding, I would quote from the annual report page 3 ;

' Meetings of Official Language Implementation Committee of the Ministry were held regularly with a view to ensure implementation of the policy of the Government regarding progressive use of Hindi in the Department of Commerce and Textiles and their various Attached and Subordinate Offices, Corporations etc."

This is mere waste of time and energy because Hindi is one of the 15 official languages included in the Eighth Schedule of the Constitution. As such, you should not impose Hindi on non-Hindi speaking people by this sort of indirect methods. I request you kindly to drop the idea of promoting Hindi. Instead of that, kindly pay more attention of improving export earning and the working of the Commerce Ministry.

SHRI B. B. RAMAIAH (Eluru) : Sir, since the time is very short I would like to point out only a few points. Our exports are not growing fast. Our imports are increasing. In 1978-79, we exported Rs. 5,726 crores. In 1983-84, it has come to Rs. 9,867 crores only. But our imports are increasing much faster. In 1978-79, our imports were Rs. 6,810 crores. In 1983-84, they have gone up to Rs. 15,762 crores. If you take countries like Korea and other small countries, they are exporting billions of dollars worth of goods while we are lagging behind and are not able to export goods of that quantity.

Minerals and metals and other raw goods can be processed in our country and they can be exported. By that way, we can earn huge amount of foreign exchange. We should take note of all these things.

In the textile industry, we can give liberal assistance. We should have developed very good market abroad by exporting garments. We are not able to develop our garments for export market. Earlier, we used to be one of the very few countries in textile export market. Our Bleeding Madras was very popular. But slowly it

has lost its popularity because we have not developed any new varieties. Because of this, we have lost the market.

With regard to high staple cotton, we are taking decisions very late. The result of this is the farmers are not getting proper price. The decisions should be taken early. The agricultural commodities are going into the hands of traders by the time the Government takes a decision. The farmer is not able to get the benefit. The Government should take decision early so that it will benefit both the marketability and planning. At present, for want of early decisions, the benefits are going into the hands of the middlemen and the traders.

As regards engineering goods, we should develop more export-oriented engineering goods. Then only we can export lot of engineering goods. We have enough manufacturing capacity of wagons. But, the wagon manufacturing industry has retrenched a number of workers from the industry. The result is, we are losing in the wagon export market because we are not able to produce wagons. We do not know what is going to be our production capacity in the country. The services should be planned ahead of industrial production. The South Central Railway is not able to supply even 50% of the required wagons for lifting cement, even though cement production has gone up very fast. The same problem exist in the matter of coal transport also.

Handicrafts and leather goods should be processed before exporting. We should export higher value goods instead of low value goods so that we will get higher foreign exchange.

If Hyderabad is made an international airport, lot of goods like meat, eggs, eatables, fruits and various other commodities can be exported to the Gulf countries where the market for them is very good. There is very good demand for these items there but we have not been able to develop in these areas.

We have exported all the molasses out of our country and now we are importing alcohol from outside into our country. This is because we are not able to take proper decisions. For instance, there is no

[Shri B. B. Ramalah]

proper development of the sugar industry. That is why, instead of exporting sugar, we are now importing sugar. We have to make proper planning in regard to sugar also.

During the monsoon time, if we import sugar, it will be damaged because we do not have enough warehousing facilities at the ports and also wagon facilities for transport. Also sugar is hygroscopic material and it absorbs moisture and therefore, it will present a big problem in distribution. Government have already released a lot of sugar from the factories; this is due to improper planning on the part of the Ministry. Therefore, these things call for some advance planning.

As I told you earlier we have to make efforts to improve our export market. We are in a very disadvantageous position in this respect now in the sense that we are importing more than what we are exporting. For example in the case of East Asian countries our imports were more by Rs. 1207 crores in 1983-84; in the case of ASEAN countries our imports are more by Rs. 508 crores; and in the case of West Europe our imports are more by Rs. 827 crores. Therefore, we are not at all in surplus except perhaps in the case of East European countries where there may be a little surplus.

In the case of deoiled rice bran and cotton seed extraction, the export markets have come down substantially. Government should come to their rescue by giving them some incentives so that those industries will survive.

SHRI AMAR ROYPRADHAN (Cooch Behar): Mr. Chairman, Sir, regarding the closed jute mills, Comrade Indrajit Gupta has spoken at length. Therefore, I do not want to repeat the same thing. I would only request the hon. Minister through you to put their heads together and solve this problem so that the closed mills and the sick mills may be reopened and the workers may be re-employed.

Regarding increasing agricultural exports, I have no objection, but we have to think of domestic consumption also at the same time. In the interest of domestic consumers, you have banned the export

of non-basmati rice. We are thankful to you for that. Why not extend that to fish and vegetables also? If you go through the figures of export of fish and vegetables from 1980-81 to 1983-84, you will find that in the case of vegetables, it was Rs. 220 crores in 1980-81; and the figure for 1983-84 is Rs. 312 crores. In the case of fish and fish preparations the figure was Rs. 213 crores in 1980-81; the figure for 1983-84 is Rs. 327 crores. In the case of meat and meat preparations, it was Rs. 55 crores in 1980-81; the figure for 1983-84 is Rs. 58 crores. I thank you for the generosity you shown to meat-eaters. But you have not shown that in respect of fish and vegetables. Do you know the market conditions in respect of fish and vegetables? Have you ever gone to the market and seen? The price of tomato is Rs. 6/- per kilo; the price of brinjals is Rs. 6/- per kilo; the price of ladies finger is Rs. 10 per kilo; the price of drumsticks is Rs. 10 per kilo; the price of fish starts from Rs. 20 per kilo and goes even upto Rs. 60 per kilo—for prawn. As you know, the Bengalis are fond of fish curry and rice; it is very palatable to us, very delicious and sumptuous also, I would therefore request the hon. Minister to extend his generosity to fish and vegetables also; please export vegetable and fish items in lesser quantity just to meet the domestic consumption. Rao Birender Singh was saying in the morning, "Take potato in the morning and onion in the night". Please do not say that.

Sir, I now come to tea. You know that what you consume and what we consume in the name of Darjeeling tea is not the real Darjeeling tea; it has only the label of Darjeeling tea. The total production of tea in the Darjeeling district particularly in the hilly areas, is only around 11 to 12 million kgs. But if you see the figure given, you will find that it is 43 to 45 million kgs. How is it possible? Wherefrom does it come? These things are done by blending; the Lipton and Brooke Bond people are making a lot of money by using the Darjeeling label. You are helping only those people. For developing the Darjeeling tea gardens you are doing nothing and it is a matter of great regret; Rs. 43 crores had been sanctioned two years before for modernisation of tea gardens and it was said that

it would be distributed through NABARD but even after two years not a single pie has been distributed for the development of Darjeeling tea gardens.

15 00 hrs.

Why has this not been done? What is the position of Darjeeling tea to-day? You will be astonished to know. I hope you might have read the Mulk Raj Anand's novel—*Two Leaves and a Bud*. The condition of the tea workers is still the same. The hon. Minister will agree with me and all the members whether of this side or that side, will also agree with me that the tea planters are just squeezing the tea gardens and not the two leaves and one bud only but all the leaves and all the branches they are squeezing. And they are not investing a single paise and in the 38 years after independence the condition of the tea gardens has not improved even a little bit: They are as bad as they were before.

A tea bush's longevity in an average is 100 years and what is the condition of the tea bushes to-day? 1 to 5 years—no plucking, 5 to 20 years—the best plucking period, 20 to 50 years—average plucking period and 50 and above—not suitable and a new plantation should come up. But the tragedy is that in regard to 50% of our tea gardens the average age is above 50 years. That is the tragedy and the tea planters are not interested in new plantation—rather they are interested to earn money in lesser period. You please look into it.

Then, Sir, you have constituted a Jute Development Board. May I know what is the function of it? Is it functioning at all? Is it doing any job for jute development? No work and nothing it does.

Another is the Jute Corporation of India which is another white elephant. It is doing nothing. It is a matter of great disgrace that after spending so much public money, nothing is done. JCI officers are having pleasure jaunts to London and other places. You have purchased 1.60 lakhs bales of jute from Bangladesh. All this has to be looked into.

With these words I thank you, Sir.

THE MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH PRATAP SINGH): I thank the hon.

Members for their valuable suggestions and even the critical comments, I take, are made with the best intention on their part to improve what they perceive to be the areas on which action should be taken.

The trade of a country is in fact linked with the world economy and to understand even one's own country's trade one has to see to the global context in which trade is going on. Therefore, before coming to the details I would like to present before the hon. House some of the aspects of the world trading situation.

After several years of deterioration as some hon Members have observed the world economy has taken an upturn. There have been increased inputs in the industrialised countries. Inflation has come down and the balance of payments position has improved in some of the developing countries and there has also been a record growth. But this recovery and upturn in economy is uneven and is fragile in its existence. It is confined to some of the highly industrialised countries of USA and Japan. There are still major areas of tension and discrepancy.

Imbalance of current account of industrialised countries, disparities in their fiscal policies and unemployment in Europe still persists. What is alarming is that in some of the developing countries the living standards have come down lower than what they were five years earlier.

The most disturbing fact in the present scenario is the high rates of interest of US dollar. This has sucked up the savings of the industrialised countries, the savings which they very much needed for structural changes, structural changes which could have boosted the exports of the developing countries and thereby that part of the exports of the developing countries is affected. Also these high rates of interest affect the capacity to keep inventories and as inventories are lower, the raw materials are lower and it is the developing countries that are affected, who are the main suppliers of raw materials.

Sir, it has been calculated that 1 per cent rise in the interest rate causes the rise in the debt burden of 3 billion dollars every year. Not only this, it has an

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effect on the exchange rate. By making the dollars scarcer the exchange rate is pushed up to dizzy heights which has its own impact. We have had its impact on our petroleum and oil products. The appreciation of the dollar has cost us Rs. 1000 crores. In such a situation of volatile exchange rates, planning is reduced to absurdity and the developing countries are subjected to several difficulties. The fragility of this recovery which is being talked of so much is reflected in the huge current account assets of the US economy. Of course, it is the high rates of interest and the appreciation of the dollar that has led to this situation and this has led to a new spurt of protectionist measures in one of the largest economy which certainly has an effect on us and on our exports. There is a tendency of this budgetary deficit of the US to become structural because as more and more budgetary resources are coming in for payment of interest and debts it becomes more deep-rooted in the economy to get to such a structural budgetary deficit. Well, they have made promises in Washington that they will reduce it but unless credible policies are pursued we cannot look forward in future to a stable recovery in the world economy and the industrialised countries owe it to the rest of the world that they follow sensible policies in their national policies.

Even their own institution of IMF has shown that if better policies are followed by the industrialised countries their growth is increased by half per cent the developing countries' growth is increased by one and a half percent but if they follow worse policies and their growth is reduced by 1 per cent then the developing countries are affected by two and a half per cent. That means the impact on the developing countries is far greater of what they do in their economies or what effect it has in their own economy. In this whole context the developing countries need to re-structure their economies to meet challenges of today's capital flow and particularly concessional capital flows.

We see no way to augment this. It is not only in this meeting in Washington that we have seen this; but we have seen this in Prague, in Belgrade and

earlier also we have seen it. There is more and more pressure that the developing countries adopt commercial borrowing. 'Commercial Borrowing' apart from being high-cost money follows the contours of creditworthiness. And following the contours of creditworthiness need not necessarily go to the country which needs it most. In fact this is what has happened. Bank loan was stopped really at the time when the country needed it most. And in that case, it is the World Bank and these institutions which we feel have come to a stage where they need a total reform, a total radical change. But even what they are, their flows have to be augmented; but even that we don't see coming forth, and committing more funds even to the existing institutions. And it has been observed that in 1984 itself there has been a negative flow of 15 billion dollars by the major borrowing countries. It is estimated that if things go as they are, by 1989 the World Bank will be not giving money; there will be a negative flow of resources to the World Bank.

Much has been said about the private investment to augment development. Well, where we need it, for exports and other vital items, we have harnessed it but it cannot be a substitute for governmental and concessional and institutional fold. Because a developing country like India needs great infrastructure for irrigation, for power, for ports, etc. All these mean high cost money and Banks and Commercial sources cannot be expected to provide us with the wherewithals to bear the debt burden or to finance these most vital infra-structures. In this situation it is a very difficult choice. With recession, with exports stalling, concessional flows, drying out, critical inputs becoming difficult, all these things cause slowing down of development thereby causing political discontent and it becomes very difficult, particularly for a democratic country, to manage the situation. Either it faces political discontent or it walks into a debt trap. This has been the situation on many developing countries where the things have been moving like that. Well, it is only exports then, that we can look forward which can save the situation. It goes to the credit of the leadership of our country that we have not walked into

the debt trap in spite of these difficulties. The country could steer clear of it; the country could finance its development by 93% of its own resources. India is looking forward. As I see it, we should not be complacent. Oil production was the main saving of our imports. Regarding the rate of growth of our production, as it happens naturally for anything that you produce, in the beginning the production rate is high; then it tapers off. But we had the same rate. While demand will grow, as development comes, IMF instalments will be due. So we will have difficulty of foreign exchange, particularly with concessional flows drying up. So, if a warning is made, in this situation, I think, it is a serious thing and we should take it up. I can assure you that the management of our debts have been something which we can be proud of. The country has not fallen into debt; it is not likely that we will go into debt. But we have to tighten our belts. We cannot paint a rosy picture all the time about the sacrifice which is needed to keep our economy independent, I think we will have to convey to the people that this is the problem. To maintain our independence we have said that we have sacrificed so much for the political reasons and this we have to convey to the people. When it comes to exports, it is the market that is important and here we have seen in Belgrade when the situation was bad, it was being promised that the world economy will recover and protectionism will go down. That was the promise made to the developing countries by the industrialised world. But instead of recovery, protectionism has increased in the name of Tariff quota price surveillance, countervailing duties, voluntary restraints, customs formalities, and a new phraseology of 'market injury' has been coined. This multifibre agreement is the symbol of the grey areas that have cropped up in the GATT rules. If we are to look to the imbalance of the whole thing, it is in spite of the fact that developing countries are the major suppliers, even then these discretionary, discriminatory protectionist measures are directed towards them.

In Textile, wearing apparel and footwear, the discretionary application is against the developing countries and it has been estimated that in the EEC 80% of

the existing non tariff measures in these sectors applies solely for differential rates in the developing countries while for the USA, it is 63% for textile and 30% for the apparel. If we see the proportion of how much we supplied to them, then in EEC, in 1980, it was assessed at 11% for textile and 12% for footwear which is not even half of the penetration ratio of other suppliers. So, while we are remaining suppliers, we are particularly discriminated against which is of great concern to all of us. I think we are told that "you are not competitive" and in things in which we have gained a comparative advantage, we are told that "your market is suffering". I think it is not that we need not speak up, we have always taken this cause and said and voiced our concern about it. So, in a way, protectionism in agricultural product does not allow the developing countries to achieve their potential, what they have as natural endowment of land and earn their necessary foreign exchange, it is not only costly, such protectionism, to the developing countries but also to the industrialised countries themselves. The world bank study itself brings out that to give the US worker 7 cents in the textile industry, the US Government has to spend one dollar. The ratio is 14 : 1. In Canada this study is being brought out. It is 70 : 1. So, it costs to all of us these sorts of policies.

I am very thankful to Mr. Indrajit Gupta, particularly when he asked : what went about in Washington and why does not India speak up ? Mr. Ananda Pathak also mentioned that the Finance Minister has come back a sad man. Not that I deny hopes about the major issues, but I participated in many of these discussions and so on the major issues of liquidity, of capital flows, of market access and of course concessional flows, of course these positions are not that they were any secret but I am thankful in the sense that the way some papers have tried to project it in a dismal manner.

I have been given an occasion to take the House into confidence and say as to what transpired there. In this, India did boldly come up. And because of India's firm stand only, some of the things that would have been road-rollered, could be stopped. There was an initiative straight-

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way, without fulfilling the previous commitment to come for a second round of trade negotiations, possibly with services in mind to be included in the liberalised regime or bring it under the GATT. That was the main preparation in this meeting in Washington. It was India's determined stand which was supported by the developing countries in a consolidated way that compelled these countries to commit themselves that there will be dismantling of protectionist measures and that serious efforts will be made to fulfil the work programme which was committed to in 1982 in the Ministerial Meet and which was in favour of the developing countries and only then, a possible foundation can be laid for a second round of negotiations. It was this argument that was recognised there. So, what they are trying now is under the GATT rules. Today, the developing countries, because of their balance of current account situation, foreign exchange paucity, for their need to raise revenues for their infant industries, legally allow a certain amount of protectionist measures. So they are within the GATT rules.

Now, the industrialised countries have built protectionist measures against the GATT rules. They say: "Come and negotiate, let us have negotiated reduction of non-tariff measures." How can we negotiate with something which is valid against something which is not valid? It is an unfair trade. It is like exchanging bad currency against good currency and India put this point forward and asked for a response. It even asked as to why these grey areas do crop up and as to why these protectionist measures crop up. We may have one round, we may have two rounds and we may go round and round, but unless we come to the core of the problem, we will never solve it. The core of the problem is this that while there is a provision that if some country violates GATT rules, it can retaliate, but the power of retaliation is unequal. The economic power which the industrialised countries have, the developing countries do not have. It is like saying to a twenty-five year old young man and a five year old small child: "All right, you both have got the power of retaliation. Whenever you do

not agree, you can give a box to each other. So, unless this equilibrium is restored or some justice is done, protectionist measures will crop up and all these international organisations will be looking helpless as to how they can go about. Or, there must be serious commitment to observe the rules of the game.

On the question of services, this is an area in which the developing countries still do not have a comparative advantage. Any liberalisation in these areas causes serious problems for us. We cannot expect banks and insurance companies coming and competing with our own. And the area of services is yet not defined. For USA, it may be banks and insurance, for Switzerland it may be tourism and for India, it may be jobs—green-cards to be given to countrymen here. And this is the precise problem that I posed there and put our view forward. I must say that finally, even then when they tried to road-roller this problem, India was the first to speak. Not that we did not raise our voice. We said that if it was going to be so, India would reserve its position. That means, the communique would have come that India does not agree to this position and it is not bound by it. It was then only that as one solid person, one by one each developing country, be it Argentina, China or Algeria, all of them said: "We reserve our position." There was a deadlock for about 6 or 7 hours, and finally a draft was put up, which was not agreed to by the industrialized countries. Finally, from the G-24 document, which was a document of the developing countries, some elements were read, and those elements were incorporated in the draft. Only then was the Resolution Communique issued. I think this is an initiative, this is an achievement which we should be proud of. India was never deterred in raising its voice not only about its concerns, but also about the concerns of all the developing countries.

About the policy, much has been said. Some have spoken well about the three-year policy. Some have been apprehensive about it. But the main reason for having a long-term policy was to remove the uncertainty year after year. If we can have a five-year plan, if we can look forward to a general development of the country,

there is no reason why on major issues of our trade directions, we cannot look ahead. Details pertaining to every year, licence-wise, this item and that etc. can be looked into, if our industries grow in area. May be then we can go restrictive. Or, if there is no need to be strong enough, we can bring in this. I think a major direction helps investments during a long term. There are certain other things also, because every time when the policy is to come, for some time the trade stops, to see what is going to happen. Not only this: we are going to bring a law on fiscal policy in September, to be coterminous with the plan. That is our general thinking. If we have an open policy, and take people into confidence as to what the Government wants to do, that encourages dialogue; and we also get the feedback. If there are any corrections to be made, we can make the corrections. instead of springing surprises and then making amends.

A point was made that 201 items have been put on OGL and that it will hit the industrial machinery. Before we put these items on Open General Licence an intensive dialogue is held with the Ministry of Industry which looks to the indigenous angle, and only in areas in which it is necessary to give a positive push to the economy, are these things put; that is, in the areas of oilfields; leather; electronics; machines for jute manufactures; machines for garments, not garments; machines for hosiery not hosiery, automobiles, canning etc. where we really need a push to the economy. So, it is not that these will cause unemployment.

Yesterday, Dr. Adiyodi said that we must have a percentage of industrial growth. It is not in the campus of one unit or one factory. We have to look to the campus of the whole country. If there is going to be increased employment in the campus of the whole country, the campus of one unit should not be the final measure of judging a certain policy, or its impact.

Another very important and relevant element has been introduced in this policy, viz. that of net foreign exchange. Till now, rewards used to flow on gross foreign exchange earnings. Now this could conceal a high import content—i.e. 70% or

80% of imports and then 100% exports. But if there is someone who has no exports and is earning the same amount of foreign exchange, his contribution is much more. For eligibility of trading and export houses, we have now put nett foreign exchange earning growth as the criterion. That is what we will check up. It means that now in the agricultural sector or in areas where there is a high indigenous content, that will be the pivotal sector and it will get a push by this net foreign exchange idea that we have introduced; and it is not only that that we have 200 machinery on OGL and forgotten about the indigenous. 67 items from OGL have gone into more restricted and limited permissible list. So, we are taking care of it and wherever there is a phased policy of indigenisation that clearance has to come from DGTD. Only then the licences are given. So, it is a balanced sort of policy. Technology is one thing. If we are connected with international trade, we have to come up with technology through which we have to compete and history is evidence of it, when there is technological gap or sliding back in any warfare, be it warfare or be it economic competition, we cannot cope up unless we are trained in technology.

On the administrative side, we have done decentralisation. The regional advance licensing committees have been set up; the regional licensing authorities have been given more powers to give on the spot licences. They do not have to come to Delhi all the way.

Some points were raised that the small scale industries have been neglected. It is not so. The limit on capital investment on plant and machinery has been increased from Rs. 25 lakhs to Rs. 35 lakhs. The minimum growth rate for entrepreneurs, merchants and exporters exporting select products from small and cottage industries has been reduced from Rs. 50,000 to Rs. 20,000; that means if previously they did not do that much, then they had to go out. If they can maintain themselves with 20 per cent growth, then they can go on serving the small scale sector. Automatic licences we have abolished. 90 per cent of them have gone to OGL; mainly the small scale sector has to come up; mainly they will be the main gainers. 10 per cent,

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according to DGS&D's need analysis we have to put to more restrictive list and not on the automatic list. So, these are some of the considerations that we have had.

Yesterday Shri Srihari Rao mentioned that CCS and the subsidy is not sufficient. I think there is cost of earning dollars and we cannot make it that the REP is so high, that is what we earn is not worth it. But even in the new tax proposals upto 50 per cent of the profit from exports can have concessions if it is put as a reserve for purposes of business. So, that provision has been done; and that is why previous facilities that were given under 80.HC were withdrawn.

I must say that the CCI Office in the disposal of applications has done a good job. There were 4,51,217 applications. Under the Import and Export Trade Control Act, only 867 applications remained, that is 2 per cent remain to be disposed of, and that was because of some quasi-judicial proceedings or deficiency in the applications.

About liberalization and its effect, in this context, now there are certain imports which are independent of virtual policy whether you take a restrictive policy or you take a liberalised policy, those imports have to come. So, it is not policy sensitive; and those are like fertilizer, edible oil, PUL, iron and steel, non-ferrous metal, etc. This is not a policy sensitive element; and this constitutes between 1970-78 and 1981-84 50 per cent of our import. So, virtually, more than half is impervious to your policy.

There are eight finance imports which in the period of 1972 to 1980 are about 50 per cent. So, about 65 per cent to 70 per cent of the imports are above our policy. In the 35 per cent there are certain very necessary components, capital goods and raw materials. Then what we have left with is five or ten per cent. So, it is a storm in a tea cup that is being raised. The only thing that we have to keep in mind is that it does not go abnormally high. When you come to the point that the trade gap is growing and there is liberalisation in the policy the trade gap

in the current prices and with fluctuating rates of exchange is difficult to compare. In a growing economy we have to see how much trade gap an economy can bear. I think its ratio to the GNP is a better test of how much burden is there on the economy. If you look at that, you will find that the trade gap which was 5 per cent in 1980 had gone down to 3 per cent in 1983-84. And the same trend we are expecting in 1984-85. The gross figure may be more, but its ratio with the GNP is declining. And I do not think there is any need to worry on that score. Even the non-bulk imports which are policy sensitive, their ratio with GNP has not gone up abnormally high. It is 2.1 per cent 2.4 per cent, 3 per cent. It is within those limits. That is why, we are not in the debt trap today. This explains the strength of the economy. The exports in the first ten months of 1984-85 have gone up by 18.6 per cent and imports have gone up by 8.4 per cent. And the trade gap is lower in the first ten months of 1984-85. So, that worry is absolutely met by these figures.

A mention was made by Mr. Prabhu about our share in the world trade. Our share in world trade did come down. But after 1980 it has been going up. It was 42 in 1980, 50 in 1981, 51 in 1982. So it is marginal. So, to say that it is coming down is not correct because the facts are otherwise.

Every time a comparison is made with Malaysia and Hong Kong. And it is said as to why India does not go like them. You cannot compare a large sub-continent with city States. Do these countries have the burden of defence and a large population on their head? The address of Hong Kong and Taiwan is mistaken. If you take the commercial address it will be New York. All the trading of the multinationals go into the data of those countries and we feel that they have gone ahead and that India has remained behind. It is not so. We should be proud of the fact that we have maintained with our own resources and we are not in the debt trap. We are paying our imports by our exports and invisible earnings. At the same time, we are able to defend ourselves and keep our independence. This is something we should be proud of. And we should not always

quote Hong Kong or Taiwan in this respect.

Yesterday, Mr. Prabhu made a point that our trade with USA is not rising. It is rising. A year before last it was 15 per cent and it had gone up to 18 per cent in 1984-85. Sometimes, USSR is our largest trade partner and sometimes USA is our largest trade partner. So, both are our largest trade partners.

Mr. Natarajan was complaining that our trading with socialist countries is not being given attention. I think, it is given the maximum attention. It has been a very useful arrangement. While market economies have been fluctuating, we have stability in our exports with the socialist market. The arrangement that we have of rupee payment, I think, for all that we buy it becomes a guarantee that that much we will export. It is a good arrangement that we have. And a stable growth has been shown by the fact that our total turnover with USSR was Rs. 1948 crores in 1984. It was expected to be $1\frac{1}{2}$ times more after five years. But not only did we cross the target in 1984 but we had almost doubled it, making it to Rs. 3764 crores and in 1985 we have a trade plan of Rs. 4620 crores. I think with the degree of sophistication in our economy and the mutual interest that we have, these markets we should cultivate and develop.

On the agricultural front Mr. Natarajan and Dr. Adiyodi made the point that we should make a thrust and that our export policy has to be employment oriented and manpower oriented. I agree with that because manpower is our natural endowment be it in agriculture, textiles, or handicrafts. We should cash upon it. Our agricultural exports have been of the order of Rs. 1452 crores in 1984-85.

Yesterday, a point was made by Dr. Adiyodi about the export duty on coffee. I think, some hon. Members who could not speak may also have it in mind. One lady Member gave me a letter about it. I am happy to announce that we have decided to reduce the duty on export of coffee from Rs. 720 to Rs. 570.

SHRI T. V. CHANDRASHEKHAR-APPA : When you have exempted tea

completely, can you not give full exemption here also ?

SHRI VISHWANATH PRATAP SINGH : Government has been bearing this duty. Exchequer also needs some revenue. When you ask for more plan allocations, these are the sources I have to tap.

SHRI K. RAMAMURTHY : The problem is that the coffee growers when compared to the international prices are getting very much less. That is why, we are pleading for total exemption from export duties. The coffee plantations are mostly in the south. That is why we are making this demand.

SHRI VISHWANATH PRATAP SINGH : First you absorb this news and then we will see.

It was pleaded that there should be value added items in agriculture. For that we are having Agricultural Products Export Development Authority. It will take care of value added items of agricultural produce to be exported. That is how we can augment our realisation from the agricultural front.

A Spices Board is also being set up and in tea, you will be happy to note that... (*Interruption*).

AN HON. MEMBER : We want to retain cardamom... (*Interruption*).

SHRI VISHWANATH PRATAP SINGH : I am coming to cardamom also. I will not leave any item if you don't take my time. I will come to each item. On tea, it was considered that the minimum export price which is Rs. 31 per kg. now, is high and is causing problems in our exports. The international prices have been coming down. Therefore, it was decided to reduce it to Rs. 26 from Rs. 31. Shri Pathak made a point that there should be a plough back in the tea. So, we have made a provision that 20 per cent of profits, if put with NABARD and then used with the NABARD's schemes for ploughing back and for its development, would be exempt from income-tax. This is one of the Budget provisions already. So, that has already been taken care of.

About tobacco, in Andhra Pradesh, the tobacco auction system has started and it

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has given good results. The realisations have been higher. In Karnataka also, it was already there last year.

There have been record exports of tea. Hon. Members will be glad to know that tea has registered Rs. 750 crores of export earnings to this country and for this I want to thank the labourers, workers, and all those who are in trade and everyone who has been able to contribute to this national kitty. In spices, export earnings have been Rs. 150 crores, in leather Rs. 545 crores, and in custard oil Rs. 125 crores. These are all record exports.

Shri Kalanidhi mentioned that for leather, there should be higher value addition. Already we have made a provision in the Budget for crust leather and wet blue and wattle extracts. We have reduced taxes on 14 machineries. We have decided to give a big boost to leather exports. 87 machinery items will have concessional customs duty of 35 per cent. The two Leather Councils we have made into one and its headquarters would be in Madras.

There is a big plan to have leather industry in North-East also.

25 per cent of the area that had been damaged by drought, has been replanted.

About marine products, concern was expressed. New initiative has been taken in prawn farming and new technology has been adopted for its processing in which MPEDA will also share. This has also been decided.

On the engineering side, concern was expressed, but some of the reasons for this concern were protectionist tendencies and payment difficulties in Africa where they cannot give payments for whatever engineering goods we send there. But, however, till December 1984, there has been an increase of 14.1 per cent in exports and that is a good augury.

On the projects export side also, Rs. 67.83 crores of contracts have been secured.

PROF. N.G. RANGA : Can you not negotiate with African countries for rupee exchange ?

SHRI VISHWANATH PRATAP SINGH : Well, I will have to go into details on this. My time is also running up, so, I will try to cover as much ground as possible in ten minutes.

One thing that I might report to you is that there have been some good achievements in the public sector. Therefore, the charge that the public sector is being neglected is not true. I may refer to you the record of the MMTC. It has got the highest turn-over of Rs. 2,750 crores in the year 1984-85. It is more than double the amount of the previous year. Its exports have gone to the highest level of Rs. 379 crores, which represent 38 per cent increase over the previous year. Non-canalised imports turn-over also has been three times of the previous year. This shows that we are not neglecting the private sector. We are proud of its performance.

Similarly our STC has also shown a good performance. It has also shown growth in turn-over and in its exports and I will be coming back to its performance shortly.

In regard to the iron-ore, I may point out that some of the new markets have been opened like that of China and for the first time Kudremukh concentrates of iron-ore are being exported to Japan. An export agreement of 10 million tonnes for the year 1985-86 has already been signed.

One point was being made about the Barajamda region. Now that the Paradip constraints have been removed, this problem would not be there. But in spite of the constraints the MMTC has decided to buy more than earlier. So, there has been progress on these counts.

Now coming to some of the specific questions about Darjeeling tea, I may say that we are taking care of these problems. It is true that the cost of production is high and the bushes are old. That is why we are formulating schemes. Twenty schemes have been sanctioned by the NABARD and about Rs. 25.87 lakhs in respect of eight gardens have already been disbursed. We will further expedite the disbursement of the amount for other schemes. The tea marketing policy has been strengthened and four sick tea gardens have been taken over. So, these are the measures

which we have taken on the tea side. I think these will satisfy the hon. Members.

SHRI ANAND PATHAK : What about the labelling of the Darjeeling tea? They are using its labels.

SHRI VISHWANATH PRATAP SINGH : I am aware of the problem. We have brought this to the notice of the UK authorities that it affects us and we are still having a dialogue with them.

The STC turnover has increased by 26% over the last year and the exports of non-canalised items have increased by 15 per cent. It has not reached Rs. 501 crores. There have also been off-shore trading operations by the STC worth Rs. 50 crores. So, I think within the time constraint, I have tried to cover most of the points raised by the hon. Members.

PROF. P.J. KURIEN : I would like to have a clarification. You have said that the Spices Board is being set up, but from the Cardamom sector there has been a demand that the Cardamom Board should be retained and there should be a separate Spices Board for pepper and other spices, because from pepper alone we get the maximum foreign exchange. So, there should be a separate Board for pepper and other spices and the Cardamom Board should be retained. I would like to know the views of the Government on that.

Again we demand for a total ban on import of coconut oil. What is your reaction to that? We want an assurance.

15.45 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

SHRI VISHWANATH PRATAP SINGH : The import of coconut oil is canalised through the STC. They import it only when asked to do so. It was only last year that about 10,000 metric tonnes of coconut oil was imported because there was shortage and there was also drop in its production. But now the STC and other agencies are not importing it. It is under some court order that one party has been allowed to import dry copra. So, that is the position. So, only under replanishment licence some import would be feasible.

About the problem of nutmeg, I would like to say that it is canalised

through NAFED. What it has brought in is much less than the gap that is there. So, this does not affect the internal market. And about cashew, you will be happy to note that we have given some ways and means to the Kerala Government to buy cashew there. So, all these problems from marine, to cashew to cardamom to nutmeg have been taken care of.

PROF. P.J. KURIEN : And about the spices board.

SHRI VISHWANATH PRATAP SINGH : I think I will be able to convince the Member separately. I think this is a good thing we are doing.

With these words, I thank the Members. With their support I hope I will be able to meet the challenge. And if there are any problems, I will always be there to solve them.

Dr. G. S. RAJHANS : What about the photo-composing equipment?

SHRI VISHWANATH PRATAP SINGH : I am quite aware of it Mr. Rajhans. I have taken note of it.

PROF. P. J. KURIEN : You allow 20 per cent plough back for the tea-estates, but you are not giving this facilities to rubber and other plantations. That means it will be given to big estates and not to ordinary and medium estates. Why that discrimination?

SHRI VISHWANATH PRATAP SINGH : Well, this scheme has been drawn up for the first time. Your point has been taken note of. That is all I can say at the moment.

MR. DEPUTY SPEAKER : I shall now put all the cut motions moved to the demands for grants relating to the Ministry of Commerce and Supply to the vote of the House together, unless any Member decides that any of his motions should be put separately.

The cut motions were put and negatived.

MR. DEPUTY SPEAKER : I shall now put the demands for grants relating to the Ministry of Commerce and Supply to vote.

[Mr. Deputy Speaker]

The question is :

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the Fourth column of the Order Paper be granted to the President out of the Consolidated Fund of India to comp-

lete the sums necessary to defray the charges that will come in course of payment during the year ending 31st day of March, 1986 in respect of the heads of Demands entered in the second column thereof against Demand Nos. 10 to 13. "relating to the Ministry of Commerce and Supply."

The motion was adopted.

Demands for Grants (General) 1985-86 in respect of the Ministry of Commerce and Supply voted by the House.

No. of Demand	Name of Demand	Amount of Demand for Grant on account voted by the House on 25th March, 1985	Amount of Demand for Grant voted by the House
1	2	3	4
		Rs.	Rs.
MINISTRY OF COMMERCE AND SUPPLY			
10.	Ministry of Commerce and Supply	57,33,000	—
11.	Foreign Trade and Export Production	1,35,87,38,000	18,20,58,000
12.	Textiles, Handloom and Handicrafts	43,75,32,000	36,62,97,000
13.	Supplies and Disposals	2,54,05,000	—
			2,86,69,000
			6,85,97,69,000
			91,52,93,000
			1,83,14,85,000
			12,70,28,000

SITUATION IN SRI LANKA

[English]

MR. DEPUTY SPEAKER : Now, we take up discussion under Rule 193. Shri P. Selvendran.

[Translation]

*SHRI P. SELVENDRAN (Periakulam) : Hon. Mr. Deputy Speaker, Sir, today morning our hon. Minister of State for External Affairs made a statement about the prevailing situation in Sri Lanka. On 25th our young and dynamic Prime Minister, Shri Rajiv Gandhi presented a picture of the state of affairs in Sri Lanka in his statement and he announced the constitution of an Advisory Committee of Experts to help him in having an assess-

ment of Sri Lankan situation and in formulating the course of action to find a solution for the problem. All of us reacted favourably to this announcement because it was an earnest attempt and we derived some solace because of impending course of action after carefully analysing the situation in Sri Lanka.

When I rise to speak on Sri Lankan situation. I am tossed between the words I have to utter and the feelings that I cannot fully give vent to. Today the Tamil race in Sri Lanka is being subjected to unprecedented cruelty not recorded so far anywhere in the history of the world. In the world map, the island of Sri Lanka looks like a tear-drop of Bharat Mata. But today on account of blood-curdling

*The speech was originally delivered in Tamil.