

comments of the Comptroller and Auditor General thereon. [Placed in Library. See No. LT-758/77].

HOUSE-HOLD ELECTRICAL APPLIANCES (QUALITY CONTROL) AMENDMENT ORDER, 1977

THE MINISTER OF INDUSTRY (SHRI GEORGE FERNANDES): I beg to lay on the Table a copy of the House-hold Electrical Appliances (Quality Control) Amendment Order, 1977 (Hindi and English versions) published in Notification No. S.O. 424(E) in Gazette of India dated the 28th June, 1977, under sub-section (6) of section 3 of the Essential Commodities Act, 1955. [Placed in Library. See No. LT-759/77].

NOTIFICATIONS UNDER CENTRAL EXCISE RULES, 1944 AND CUSTOMS ACT, 1962

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): I beg to lay on the Table:

1. Notification No. G.S.R. 482(E) (Hindi and English versions) published in Gazette of India dated the 11th July, 1977, issued under rule 8 of the Central Excise Rules, 1944, together with an explanatory memorandum. [Placed in Library. See No. LT-780/77].

2. Notifications Nos. 160/77-Customs and 161/77-Customs (Hindi and English versions) published in Gazette of India dated the 20th July, 1977, under Section 159 of the Customs Act, 1962 together with an explanatory memorandum. (Placed in Library. See No. LT-761/77).

12.14 hrs.

MESSAGES FROM RAJYA SABHA

SECRETARY: Sir, I have to report the following messages received from the Secretary-General of Rajya Sabha:—

(i) "In accordance with the provisions of rule 111 of the Rules of Procedure and Conduct of Business
1635 LS—8.

in the Rajya Sabha, I am directed to enclose a copy of the Motor Vehicles (Amendment) Bill, 1977, which has been passed by the Rajya Sabha at its sitting held on the 18th July, 1977."

(ii) "In accordance with the provisions of rule 111 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to enclose a copy of the Oil and Natural Gas Commission (Amendment) Bill, 1977, which has been passed by the Rajya Sabha at its sitting held on the 19th July, 1977."

BILLS, AS PASSED BY RAJYA SABHA

SECRETARY: Sir, I lay on the Table of the House the following Bills, as passed by Rajya Sabha:—

(1) The Motor Vehicles (Amendment) Bill, 1977.

(2) The Oil and Natural Gas Commission (Amendment) Bill, 1977.

12.15 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED CURBS ON IMPORT OF INDIAN TEXTILES IMPOSED BY EUROPEAN ECONOMIC COMMUNITY

SHRI VAYALAR RAVI (Chirayinkil): I beg to call the attention of the Minister of Commerce and Civil Supplies and Co-operation to the following matter of urgent public importance and request that he may make a statement thereon:

Reported curbs on import of Indian textiles imposed by the European Economic Community.

THE MINISTER OF COMMERCE AND CIVIL SUPPLIES AND CO-OPERATION (SHRI MOHAN DHARIA): Mr. Deputy-Speaker, reports have appeared in the press during the last week about the restrictions imposed by the European Economic Community (EEC) on imports of cotton yarn and cotton clothing into the Community from nine countries including India. In this connection, I wish to clarify that on 12th July, 1977 the EEC introduced a quantitative limit of 205 tonnes for imports from India of cotton yarn into France valid for the period from 1-7-1977 to 31-12-1977. On the same date, the EEC announced restrictions on certain other products also. None of these, however, apply to India; this has been confirmed by our Mission in Brussels to EEC.

The unilateral restraint imposed by EEC on import of cotton yarn from India into France is in violation of our bilateral Agreement on Textiles.

While formally communicating the restrictions on cotton yarn imports into France, the EEC has requested for consultations. After these consultations, if necessary, we may lodge a complaint against this action of the EEC with the Textile Surveillance Body (TSB) which has been created under the GATT Arrangement regarding International Trade in Textiles to supervise the working of the Arrangement and resolve such disputes as may arise.

It may be recalled in this connection that the EEC has applied similar import restrictions on some other cotton textile products in respect of which the bilateral agreement does not envisage any quantitative limit. On 18th March 1977, the EEC announced Community level quotas for women's blouses and shirts of cotton and man's shirts of cotton. These quotas do not make a distinction between handloom and mill-made goods. On 25th April, 1977, quotas were introduced for "T"

shirts and cotton yarn for U.K. These quotas are operative till the end of 1977.

Government views with serious concern these curbs on imports of Indian textiles, particularly those regarding the handloom sector as they have far-reaching implications from the socio-economic point of view.

After exhausting the possibilities of resolving the problems created by these restrictions amicably, we have lodged complaints in respect of each of these restrictions with the Textile Surveillance Body. The hearing is in progress and the decisions are expected shortly.

SHRI VAYALAR RAVI: The European Economic Community is one of the major exporting group of countries. Now the export is Rs. 1,000 crores; but when they started it was Rs. 50 crores. At the same time we are one of the major importers from EEC and our import bill is more than the export bill. The EEC is more benefited than us. When they formed this community there were many impediments regarding the agricultural policy, external tariff terms, mathematical average and other things. This is a little aggravated in 1972 when Britain entered the EEC. They made declarations which were very vague. India wanted clarification but it was not given. The restriction on Indian goods seems to be bigger and bigger and there is clear discrimination towards India.

Sir, Britain has got a clear obligation towards the Asian developing Commonwealth countries. The President of the EEC is himself an important British politician. I wish that he looks into the matter.

In 1974 we had the agreement. It was on handicrafts, jute, cotton textiles etc. That was the agreement in 1974, three years ago. Now there is this discrimination. But I do not want to charge anybody. It is stated in

the report: 'Indonesia handicrafts-unlimited; Pakistan handicrafts-unlimited'. There is restriction only in regard to our country. Take carpet for instance. Quota restrictions are there for us because it is sensitive. Take a country like Iran. They say it is semi-sensitive. There is no quota restriction there. That is their policy.

This kind of division into 'sensitive' and 'semi-sensitive' areas makes in-roads into our export to EEC countries.

There was the decision by UNCTAD and they introduced GSP (General Scheme of Preferences) to give duty-free exports. But still the position has not improved as we expected even though this GSP scheme was introduced.

Sir, according to the statement of the President of the Handicrafts Association, our export at present is of the order of Rs. 268 crores.

You may have come down to another Rs. 600 crores meaning thereby a reduction of 35 per cent of the total exports to these countries. It will affect not only our foreign exchange earnings but also the employment largely—rural employment based on rural industry scattered all over the country. It may be hundred crores of rupees worth of foreign exchange. That is the real matter. In this industry thousands of people are involved who will remain unemployed. That is my point. Here the hon. Minister has stated that there is an agreement—I do not know whether it is covered by 1974 agreement—but the agreement with France—with the economic community—is completely violated when they ban import of our goods there. The Minister has, of course, revealed another fact. There is a violation of the agreement regarding certain textile products—handloom products, blouses etc. Whatever that may be, he has also mentioned that there is a violation of the agreement.

So, I would like to know from the hon. Minister whether, in view of the recent unilateral imposition of such restrictions—this is what we hear from the report received from our Missions—of our goods, we can also think of diversification of our exports? By that I mean the textile fibre—diversification of our exports in man-made fibre—and I think we have to resort to some other method to improve our exports. May I therefore know from the Minister whether when we negotiate with the European Community, he will put this suggestion to them if he really wants to improve the quota of our exports? We can also share with them the equal amount of increase in our quota of exports. We are also importing about Rs. 4,000 crores worth of goods to this country and so we can have an agreement on a reciprocal basis so that we can offer them some import.

My question is: does the minister consider this proposal and if so, I would like to know what are the concrete steps that have been taken for a dialogue with the European community to sort out the problems? What does he propose to do to see that these people do not suffer from unemployment because of restrictions on our exports?

SHRI MOHAN DHARIA: Sir, I do share the concern of the hon. Member as also the House. It is very clear that a unilateral decision taken by the E.E.C. countries is absolutely in violation of the agreement and we feel that it is illegal also. No sooner than this decision was taken, according to the procedure, we immediately told them that we would like to have discussions because these discussions are to be held on my account before the decision is to be operative within a prescribed time. Accordingly discussions were held and the decisions could not fructify. So, we have gone to the Textile Surveillance Body

[Shri Mohan Dharja]
which is an instrument created by GATT to settle certain disputes and this matter is being heard. In the meantime, in the month of May, before the Vice-President of the Community, when he was in our country, these international matters were put up. I discussed the matter with him here and we not only brought this to his notice but also expressed our resentment in the terms that were then possible to be expressed. Our team was to go for a discussion. Before the discussion was complete, this ex-parte decision was taken by the countries concerned.

The hon. Member has said that it was in violation of the agreement. That is the reason why we have gone to the Surveillance body. The hon. Member has also asked me the reasons for it—one of the basic reasons is that all these countries were exporting these ready-made garments including the handmade garments. They have flooded the markets there and their fear was that this may cause a lot of unemployment in their countries. Of course, there could be some other reasons also. Here, it is not only against India but also against some other countries from our areas that this action has been taken because this injustice has been done. I do agree with the hon'ble Member that diversification of our exports is absolutely essential. I have already discussed the matter with the producers here but they are having their own problems. Some of their produce is on the verge of shipment and under the circumstances these restrictions have done great harm to our economy.

Sir, not only I have taken up this matter with the Vice President and the Minister from EEC but I also requested the Foreign Minister to take up the matter. During his recent tour he had informal discussions with the ministers concerned. Today it is before the Surveillance Committee. Even if it is required to be taken up at the diplomatic level it shall be done.

One more suggestion has been made regarding the bilateral trade, namely, when we are importing can't we have our conditions also. There are two areas of operation. Wherever they are in need of goods those conditions could be applied but when we want these goods to be purchased by them then we cannot lay down conditions. Even then this suggestion will be borne in mind.

SHRI JYOTIRMOY BOSU (Diamond Harbour): Sir, this action of the EEC—I regret to say—amounts to making a mockery of an international agreement. It was signed with a lot of fanfare and under the guise of friendship and co-operation but I find no sanctity is attached to this sort of agreement. It is nothing short of hypocrisy. The true appearance behind the 'Aid' they are giving us is only soft soap and veil. The intention is clear. They want to retard our economic progress. What else can be expected from these capitalist countries!

The slogan to which we have been playing for so many years, viz. Export or Perish is something very dangerous. Please, get out of this. Mr. Minister you are even exporting minimum necessity items. You are exporting these things below our actual cost of production inspite of the fact that our labour gets the minimum wages. You are exporting the precious natural resources of this country.

Sir, as a result of all this we are operating totally in the Buyers Market. On the one hand there is a well-designed manoeuvring by the capitalist countries and on the other hand in our own country the big businessmen and the middlemen are exploiting the poor tailors. Sir, two-fifth of these garment exporters do not produce their own requirements of export. In my constituency in areas like Mahestala, Akhra and Santoshpur more than three lakh persons are employed in tailoring industry and all of them come from minority communities which are economically backward of the backwards in this country. In the Government of

India's map of the garment industry this vast traditional area does not figure In this connection I have written numerous letters Sir, the exploitation in the production sphere is also there Excessive prices are charged on raw materials cloth button thread and sewing machines The actual man who produces the thing gets a fraction of the last price No attention has been paid whatsoever The exporters on the one hand get profit export incentives and on the other they get import entitlements which you sell at a blackmarket price at enormous profits They do not put them into books of accounts I would request the hon Minister to tell us whether he is going to constitute a Legislators Committee at the national level for a thorough probe and analysis into the working conditions of the workers in tailoring industry so that before the end of this year we are able to do something for the lakhs of people in this industry There is no guidance no regulation and no attention has been paid whatsoever It is a deplorable condition I am more concerned with this because it involves the minority community that is the muslims As I said the traditional areas are totally neglected Internally there is no purchasing power there is no public distribution system The cloth that they produce does not even reach 15 per cent of the population in the country The GATT member countries concluded an agreement in December 1973 known as Multi Fibre Agreement Part of Article 12 of the Multi Fibre Agreement says the arrangement shall not apply to developing country exports or handmade cottage industry products made of such handloom fabrics or to traditional folklore handicrafts and textile products "

How is it that the EEC has unilaterally scrapped it?

Then Sir in March this year the FEC unilaterally imposed restrictions illegally on certain kinds of garments which were outside any restriction under the Indo EEC bilateral Textile

Agreement which should be operative till December 31, 1977 and brought handloom cotton garments also under this restriction Now, without any warning the EEC Import Agreement resulted in very large quantities of exported goods which had reached EEC ports remaining uncleared there and similar quantities of manufactured goods lying here unshipped involving over Rs 350 crores Fabrics of equal value made expressly for the garment industry remain on the hands of the weavers all over the country What would be the ultimate result of this?

Now unless the Government take recourse to certain strong measures to avoid closure of the manufacturing units in this cottage industry it will render at least 15 million people—men women and children—unemployed because it is a labour intensive industry I would like the Government to help this industry impartially particularly because the minorities who are very much backward economically in this country should be looked after properly The hon Prime Minister who is sitting here promised to solve the unemployment problem Now Mr Dharia had said in the Rajya Sabha yesterday that he would take it up at the Prime Minister's level He has made a slight mistake I would like to point out that the EEC has no Prime Minister Our Prime Minister can write to all the Prime Ministers who are constituents of the EEC This mischievous design should be thwarted right now Unless you increase the purchasing power in your own country They will exploit us and they are already doing that now But I want your assurance that you are going to constitute a Committee so that it can give a report on the overall working of the tailoring industry in this country before the end of this year

SHRI MOHAN DHARIA As I have said the Government is concerned with the situation that has been created because of the decision taken by the EEC countries I said in the Rajya

[Shri Mohan Dharia] Sabha that "I look at this matter with all possible seriousness" and then I said "I have taken it with the Foreign Minister and also discussed it with the Prime Minister." To save the situation, even if it is to be taken at the Prime Minister's level, it will be taken; government shall do all that is possible; that was the spirit.

SHRI JYOTIRMOY BOSU: I have got the debates; EEC has no Prime Minister.

SHRI MOHAN DHARIA: I know. But they are having their own chief; and our chief is the Prime Minister. They may have a president or chairman. From our point of view we attach great importance to this question; whether it is to be done at the level of the Ministry of External Affairs or at the Prime Minister's level whatever efforts are needed will be taken. We know the difficulties of these people who are the worst sufferers.

Some other comments also were made by hon. Member. He has asked for the constitution of a committee. By and large the Labour Minister....

SHRI JYOTIRMOY BOSU: You want to have the honey and leave the wax to the Labour Ministry?

SHRI MOHAN DHARIA: It is the Labour Minister who deals with the working conditions of labour. So far as the constituency of the hon. Member is concerned, I have already requested the hon. Member to have the tailors organised in a cooperative society and whatever help and cooperation could be extended to the hon. Member will be given. If it is not possible in the hon. Member's constituency, it will never be possible in any other constituency.

SHRI JYOTIRMOY BOSU: The Minister has taken recourse to a very dangerous method of pumping grease; that should not be done. If you have a work force of about 3 lakhs of per-

sons, men, women and children, you cannot possibly have a cooperative society. I regret to say that in the eastern region during 30 years of congress rule cooperative movement has not grown at all. Therefore, I should like you to take other steps. Why are you afraid to constitute a Committee?... (*Interruptions*).

MR. DEPUTY-SPEAKER: I have called the next member.

*SHRI K. RAMAMURTHY (Dharmapuri): Hon. Mr. Deputy Speaker, Sir, this Calling Attention Motion has been brought before this House to highlight the grave consequences of the E.E.C.'s unilateral decision in violation of the Textile Agreement to impose certain curbs, in fact to stop the import of handloom garments from India—India will be denied the foreign exchange earning of the order of Rs. 200 crores a year, besides throwing lakhs of workers engaged in the handloom industry out of employment on the streets. This unilateral decision of the E. E. C. has assumed serious proportions in the country, with particular reference to Tamil Nadu where more than a lakh of people have lost their livelihood. The hon. Minister must be aware of the fact that ready-made garments worth Rs. 65 crores are rotting in the godowns. I would like to raise four specific questions in this regard.

(1) In the year 1969 one Shri A. K. Jain organised a unit called EX-PORTOS for furthering the export of readymade garments. On July 16, 1977, he had the privilege of receiving a Silver Trophy from the hon. Minister of Commerce for outstanding export performance. It is reported that this gentleman has started a small unit in Mauritius for producing readymade garments. He will supplement this production by sending substantial quantities of readymade garments from India to Mauritius. As Mauritius happens to be a Member of the E. E. C.

*The original speech was delivered Tamil.

there is no restriction on the export of readymade garments to E. E. C countries from Mauritius. Naturally, this gentleman exports all the garments—produced in Mauritius and sent from India—to E. E. C. countries. The obvious snag here is that Mr. Jain accumulates foreign exchange in Mauritius at the cost of India. The foreign trade and the foreign exchange reserves of Mauritius are built up at the cost of our country. I would like to have an assurance from the hon. Minister of Commerce that he would discourage setting up of units abroad just for the sake of exploiting the potential market for personal benefits from a third country, thus depleting our country's foreign exchange earnings. I would also like to know the steps that the Government would take in this direction.

(2) Santa Cruz, Bombay is declared as Export Processing Zone. Many small industrial shed, with electric power, water etc., which have been constructed at a cost of several lakhs of rupees, for the purpose of promoting the production of Electronic goods for export, are lying idle because of the fact that the electronics industry has not come up to satisfaction. It is understood that the U.S.A. would send cloth to this place for fabrication into garments and for re-export, because the labour here is cheap. If there is any truth in this, it is highly improper. The hon. Minister is aware that already lakhs and lakhs of handloom weavers are out of their jobs. If cloth is allowed to be imported from America and garments are to be made out of it for re-export, it will only mean that the dimension of unemployment in the country would go beyond description and the entire handloom industry in the country would be decimated. I would suggest that the industrial sheds in this Export Processing Zone, Santa Cruz, should be allotted to our readymade garments manufacturing workers and the garments should be fabricated from indigenous cloth. The Government should explore and ex-

plot the potential market for readymade garments in African and Middle-eastern countries.

(3) I understand that the Government is seriously considering the constitution of Readymade Garments Export Promotion Council. When that is done, I demand that the handloom weavers must be given representation on this Council. I emphasise this because it is the normal thing that such institutional arrangements are taken advantage of only by the textile mill-owners for their aggrandisement. The hon. Minister of Commerce should bear this in mind at the time of constituting this Readymade Garments Export Promotion Council.

(4) Sir, there is imperative necessity for setting up Export Inspection Agency for readymade garments. I understand that the E.E.C. countries were compelled to come to such a decision because of the sub-standard goods sent from here. I request that the hon. Minister should expeditiously set up this Readymade Garments Export Inspection Agency so that we are able to earn foreign exchange by the export of quality goods, which in turn will enable lakhs and lakhs of workers and handloom weavers to retain their livelihood.

I shall be happy if the hon. Minister can give satisfactory answers to these questions.

SHRI MOHAN DHARIA: Sir, the hon. Member has asked me four questions. One is regarding one Mr. Jain in this industry in Mauritius. I would like to assure the hon. Member that whatever is produced in India only will go against our quota and nothing manufactured outside will be allowed to be exported against our quota. As a matter of information, I may inform the House that Mauritius is not a member of EEC. Mauritius is a member of ACP (African, Caribbean and Pacific) countries and they get some special treatment from EEC countries. So far as our export is concerned,

[Shri Mohan Dharia]

whether it is Jain or anybody else, they will not be allowed to disrupt our exports from here.

Secondly, regarding Santacruz complex, that is a complex created for the goods to be manufactured and 100 per cent to be exported. To some extent, it so happens that the orders are booked from outside, they send their material that is manufactured and value added and then sent outside. Nothing is allowed for domestic consumption. Again the cloth or the fabrics that is imported, if it is manufactured within the country, if its import could be replaced, I shall look into it. I do not know the specific problem mentioned by the hon. Member.

The third point is regarding Ready-made Garments Export Promotion Council. This House is well aware that the Ready-made Garments have made not only good progress but have also proved to be a boon to this country. Our exports have gone much above Rs. 250 crores. It was a long-felt need and, therefore, the government has taken a decision to have a separate export promotion council for ready-made garments.

He suggested that a representative of the handloom sector should be on the council. Those who are engaged in the manufacture of ready-made garments, including the handloom sector will be accommodated. This industry is spread all over the country, and particularly, small-scale manufacturers are engaged in this industry. Therefore, care will be taken to give proper representation to the small-scale manufacturers, including handloom.

He spoke about quality control. We are having our own mechanism at present to check the quality of the goods that go outside. If the quality is not good, they not only bring a bad name to the country, but our export suffers. Therefore, we have already

tightened that mechanism. The hon. Member has made certain suggestions and has also said that the goods that were exported were not of good quality. I shall look into it.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

THIRD REPORT

SHRI YADVENDRA DUTT (Jaunpur): Sir, I beg to present the Third Report of the Committee on Private Members' Bills and Resolutions.

12.47 hrs.

MATTERS UNDER RULE 377

(i) REPORTED DIFFICULTIES OF STUDENTS FOR ADMISSION IN DELHI COLLEGES

SHRI K. LAKKAPPA (Tumkur): Sir, under rule 377, I draw the attention of the Education Minister to the serious situation arising out of the difficulties of the students in getting admission to the various colleges, including medical colleges and engineering colleges in Delhi and, in fact, throughout the country. The hundred days of Janata Government's rule have brought untold sorrows not only to the students but also to the parents. Admissions have been declared invalid in some cases. In some colleges in Delhi, admissions have been made without following the rules and regulations. They are taking money and admissions are going on. According to the *Times of India* dated 18th July, 77, students with 70 per cent marks fail to get admission. A tense atmosphere has been created in the university campus. The political activities of the Vidyarthi Parishad are also throttling and preventing admissions. The authorities are hand in glove with such political miscreants and preventing the entire student community from getting admission. The question is not only about the percentage of marks. Sometimes. It is the fancy of the