

MR. DEPUTY SPEAKER : The Minister will reply after the statement is made by Shri Mohan Dharia.

14.55 hrs.

STATEMENT RE. IMPORT-EXPORT POLICY 1978-79

THE MINISTER OF COMMERCE AND CIVIL SUPPLIES AND CO-OPERATION (SHRI MOHAN DHARIA) : Sir, I rise to place, on the Table of the House, the Import-Export Policy of Government for 1978-79 [*Placed in Library. Ser No. LT-1983/78*]. As this Policy would mean substantial changes in our foreign trade system reflecting the priorities and approach of the Government, I would like to take this opportunity to inform the House of the salient features of our new policy.

The Import-Export Law came into force in 1947 and over the last thirty years our foreign trade system, especially in relation to import procedures, has evolved round the initial approach of 1947. This has led to procedures which have become cumbersome, time consuming and counter-productive.

The last thirty years have witnessed many structural changes in our industrial and foreign trade sectors as well as in our technological capabilities. Since 1947 our exports have increased more than ten fold. In addition, thousands of new industrial units have emerged in different parts of our country. Our export-import trade is now considerably diversified in terms of commodities, sectors and regions. Hence Government decided to review in entirety this area of regulatory administration.

The Report of the official committee appointed by me for this purpose, was submitted on 31st January, 1978. The policy, I now place before the House, incorporates the decisions of the Government on this Report, as well as those, talent on an earlier Report received in December, 1976 of an official Committee that studied the Capital Goods Industry. Our basic approach is that the new Import-Export Policy should subserve the planning priorities in terms of creation of employment opportunities, expansion of small scale sector, and attainment of self-reliance. It also aims at simplification of procedures and decentralisation of decision making.

There is need to import stability to our trade policies and procedures. During the next three months, a Committee under the Chairmanship of Secretary (Technical

Development) will entertain suggestions and representations and recommend its views in the Government, on the basis of which necessary modifications could be made. The Policy now being announced formally for one year, could then be extended for a longer duration.

This policy adequately safeguards the interests of small scale, tiny and cottage sectors in keeping with the Government's Industrial Policy. The items which are now reserved for these sectors will generally be banned for imports. The prices charged for the material supplied to these sectors by the canalising agencies would henceforth be lesser and equal to those payable by the large users on high sea sales. The import requirements of these sectors will now be available wholly in free foreign exchange and the local committees set up at licensing offices will decide the applications for capital goods upto Rs. 10 lakhs.

All entrepreneurs setting up small scale units will be entitled to get import licences upto Rs. 3 lakhs. Similarly, new units which are set up in backward areas by persons belonging to Scheduled Castes and Tribes or by those who are technically qualified, can get licences for imports upto Rs. 5 lakhs for starting their enterprises. All these measures are designed to make available permissible imports to our young entrepreneurs without any delay.

With an objective to encourage our technically qualified young men to return to India, I am simplifying the procedures and licensing systems whenever they wish to start a new enterprise in India. They will not have to follow the prescribed procedures of advertisement, indigenous clearance, etc. for their imports. Their applications will now be decided within 45 days.

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With the new policy, every Actual User (Industrial) will get his full requirement for the year automatically. Licences will be required by them for only such items as are restricted in the interest of indigenous industries and other social objectives. Again, import of Iron and Steel items will require no separate clearance. With our new policy, an exporter will be able to import any of the inputs that are necessary for his export production.

Our capital goods industry is fairly well established. However, in the case of plant and equipment required for about a

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a dozen types of industries and products of national importance, like Fertilizers, Power Generation, Mineral Exploration, Petroleum and Petro-Chemicals, Professional Electronic Equipment, Drugs and Pesticides as well as fully export-oriented industries, it is desirable to provide the investor with the choice of buying his equipment on a global basis. Of course indigenous producers will be given better opportunities to compete. Final decisions in these cases will be taken by an empowered committee in the Department of Heavy Industry.

Over the last 30 years, a wide spectrum of "Service Industries" has come into existence in our developing urban and rural areas. The new policy recognises all local authorities, hospitals, educational institutions, Research and Development and other such establishments, and centres of high learning, farmers service centres, printers and publishers, etc., to be Actual Users in the non-industrial category.

Recognised hospitals, Research and Development institutions, Universities and other centres of higher education will be allowed full freedom to import their genuine requirements of technical items which are not available indigenously. Individuals doing scientific and research work on their own will be entitled to import such requirements upto Rs. 10,000/- or even more with a view to encourage such efforts.

In the case of petroleum products, fertilizers and drugs, which are items imported to meet the overall needs of the country, rather than the individual consumer demand, the concerned State agencies will be given bulk licences and operate them in accordance with the policies of Government in that regard.

I would like to refer at this juncture to the decisions of Government in regard to man-made fibres and filament yarns. The demand for these, particularly those of Polyester, is on the increase. Due to world-wide recession, these items are available at much cheaper prices than what our producers can offer. The prices charged for the fabric to the consumers internally are significantly higher, compared to what the indigenous material is itself sold for. The question of pooling the indigenous production and imports needs to be studied immediately. Accordingly, it has been decided that an official committee under the chairmanship of Secretary (Industrial Development) should do a comprehensive study and suggest a revised policy to Government for adoption

within the next two months. The policy announced today will be in force till such revision.

The list of canalised items for imports and exports, in the new policy, has been carefully drawn up according to the set criteria, in order to serve the public interest. Of special interest to the small scale sector has been the decision to de-canalise A.B.S., Nylon and Polyethylene Moulding Powders as well as P.V.C. Resins and rough ophthalmic blanks.

Three new items have been canalised for the purpose of imports. These are, arms and ammunition, liquor and industrial explosives. They will be imported and distributed through the State Trading Corporation in accordance with the policies of Government.

I am happy to inform the House that the work of issue of licences will now be completely decentralised, except for capital goods of value of more than Rs. 10 lakhs and in a few other cases. In order to help the industry and trade, it has been decided to have Public Relations Officers in each licensing office, to assist and guide the applicant in the scrutiny of his application before it is formally submitted. This will considerably overcome irksome delays in disposal.

For the convenience of the public, it has been decided to disperse the licensing work and administrative functions presently concentrated at centres like Delhi, Bombay and Calcutta. Accordingly, new licensing offices will be opened at Agartala, Chandigarh, Cuttack, Gauhati, Jaipur and Patna. The offices of C.C.I. & E. at Bangalore, Ahmedabad, Hyderabad and Kanpur will be raised to the level of Joint Chief Controllers. All licensing offices will attend to export promotional functions as well. The current licensing offices at Rajkot, Vishakhapatnam and Pondicherry will perform export promotional functions. During the year I proposed to have such export promotional offices in all the cities with a population of 10 lakhs or more.

As part of our export promotion efforts, industrial units which have exported at least half of their production in 1977-78 will, in order to meet their further export orders, get supplementary licences to the extent of one half of their automatic licenses without going to the sponsoring authority.

Government policies have recently provided more ample opportunities for building up exports of gem and jewellery. Likewise, the facilities provided in the new policy for direct imports by registered

exporters of rough diamonds, raw silk, stainless steel, rough blanks and electronic components, etc, will further diversify our exports and provide increased employment opportunities, particularly in the small decentralised sector.

The system of issue of Advance Licences has been recast, to enable our exporters to execute contracts in time. Henceforth, such licences will be first issued by regional licensing authorities, on the request of the exporters, and the duty exemption particulars will be decided separately under the customs procedure. Materials supplied by canalising agencies have also been brought into the scope of this scheme.

The scheme of cash compensatory support to our exporters for different export products will continue in 1978-79, subject to certain changes as announced. The official committee referred to by me earlier has recommended that stability in this regard is essential in our export promotion efforts. Accordingly, it is proposed to review the system from this angle during the year and take appropriate decisions.

The role and the functioning of Export Houses has been re-oriented. With a view to encourage exports of our small scale, tiny and cottage sectors, Export Houses will get relatively larger additional licences on the basis of the exports of products from these small sectors.

Several procedural simplifications have been introduced under the new policy. These include the abolition of the system of:—

- (i) seeking letters of authority for purpose of using agents for importing licensed items;
- (ii) getting the Port of Registration endorsed on import licences;
- (iii) the need for replacement licences for getting goods damaged, lost in transit or otherwise made good by the supplier;
- (iv) Issuing Release Orders for all canalised items except shoddy wool;
- (v) Making the REP licences transferable only by endorsement;
- (vi) Attaching lists of items for import to the automatic licences granted to industrial users;
- (vii) Insisting upon shipping documents for admitting import replenishment claims, in addition to a bank certificate;

(viii) Insisting upon a bank certificate—rather than the certificate of the concerned project authority—for admitting REP benefits in the case of IBRD/IDA assisted projects, in India and, lastly;

(ix) Free licensing and its replacement by a system of Open General Licence subject to specified conditions.

The House will be pleased to know that due to sustained efforts, almost all of the 3.5 lakhs of applications received during 1977-78 by the Chief Controller of Imports & Exports Organisation, have been disposed of. This was almost double the number for the previous year. The House will join me in complimenting the staff of the Chief Controller of Imports & Exports for this excellent performance.

In the new policy, the need for seeking import licences has been considerably done away with. The number of REP licences will also be modest because of the new set up. Due to this approach there will be a likely reduction of at least 60% in the number of applications in the new year in spite of the expected growth in our foreign trade. Compared to the 3,50,000 applications of 1977-78, the total number will go down to about one lakh. The new simplified procedures will so considerably speed up their disposal.

Sir, I would like to emphasise that the new policy takes full care of the interest of the farmers, infant industries and small scale and cottage industries as well as our strategic industries. Liberalisation and simplification will contribute to a more rational system of working in our industrial, agricultural and commercial sectors and thus improve their efficiency. Our industrial undertakings will now be able to work with new processes and new materials. They can thus continuously update their production. Government will also consider requests for improvement of technology more liberally.

Our new policies also reflect our abiding interest in the creation of a New International Economic Order. The liberalisation of our trade policies and procedures effected today has been the result of our own efforts and endeavours. I hope that our trading partners from developed countries overseas will recognise this spirit of a developing country, and, on their part, provide better access for the products of the developing countries into their markets.

Sir, some sections may doubt that this exercise will result in frittering away our valuable foreign exchange earnings. The truth is otherwise. We will have to

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distinguish between a calculated liberalisation of imports to subserve our development priorities expeditiously and efficiently and thoughtless liberalisation of imports without such an approach and proper safeguards. Hon'ble Members will find that this policy nowhere aids or encourages any import of luxury or non-essential consumer goods. Rather, the new policy wants the materials critical for the growth and stability of our national economy, to be provided speedily and economically. In all humility I may submit that the new policy has been evolved after extensive consultations at various levels. I am fully convinced that it will certainly subserve the interests of our country and our community.

The new policy is a testimony to our great people and their recent achievements and self confidence. The 30 years cobwebs of import controls and regulations have been brushed aside. A radically new system has been evolved, so that our industry, agriculture, commerce and science and technology advance ahead with utmost speed and confidence. The new policy is easy to read, simple to understand and less than a third in sheer size of the previous one. It is a landmark in decentralisation of Central Government working.

Sir, as we shall soon be considering the Demands for Grants of my Ministry, I would not like to touch upon other aspects of our foreign trade and our public sector agencies at this juncture. I may assure the House that the suggestions from the Hon'ble Members in regard to the new policy and the working of my Ministry will always receive our utmost sincere consideration. I am sure that the new policy based on various suggestions made by the Hon'ble Members earlier, several deliberations, studies and reports will be welcomed by the House and the country. Sir, with these words, with your permission, I now place the import policy book and export policy book on the Table of the House. With your permission, I may only say that so far there used to be Import Policy, which was announced on the floor of the House. But this is the first time when I am coming to you with the Import Policy and also export policy.

15.18 hrs.

DEMANDS FOR GRANTS, 1978-79—
contd.

MINISTRY OF SHIPPING AND TRANSPORT—
contd.

नीवहन और परिवहन मंत्रालय में
प्रभारी राज्य मंत्री (श्री चांद राम) : डिप्टी

स्पीकर साहब, करीब 15 या 16 सदस्यों ने मेरी मिनिस्ट्री के बारे में विचार रखे हैं और मैंने उन के विचारों को बड़े ध्यान से सुना है। जो मुझाव, रचनात्मक सुझाव, मेरी मिनिस्ट्री के बारे में आये, उन के बारे में एक-एक करके तो जबाब नहीं दे सकता हूँ, लेकिन मैं माननीय सदस्यों को यह यकीन दिलाता हूँ कि उन सब को मैंने खुद सुना है, खुद नोट किया है और मेरी मिनिस्ट्री के अधिकारी भी यहां मौजूद हैं, उन्होंने भी उन सब बातों को नोट किया है, इमनिये मैं उन पर निजी तौर पर ध्यान दूंगा।

15.19 hrs.

[DR. SUSHILA NAYAR in the Chair].

मैं बहुत से मेम्बरान का मशकूर हूँ, जिन्होंने नेशनल-हाईवे के बारे में यह चिन्ता जाहिर की है कि हम को इस मद में ज्यादा रकम नहीं मिली है। मैं समझता हूँ कि माननीय सदस्यों को इस बात का ध्यान है कि जब से जनता पार्टी आई है, तब से हम इस बात पर जोर दे रहे हैं कि देहातों को किसी तरह से सड़कों में जोड़ा जाए। इस में शक नहीं कि हमारे नेशनल हाईवेज लगभग 21 हजार किलोमीटर थे जो अब बढ़ कर 28,970 किलोमीटर हो गये हैं। यानी उस में 8,970 किलोमीटर के ग्रामपास हम बढ़ा पाए हैं। आजादी के बाद, लेकिन फिर भी मैं समझता हूँ कि बहुत गुंजाइश है और बहुत से मेम्बरान ने जो अलग अलग तौर पर नेशनल हाईवेज में एडीशनल रोड्स को शामिल करने के लिए सुझाव दिये हैं, उन पर उचित समय पर हम विचार करेंगे क्योंकि इस समय धनराशि की किल्लत है। असल में जो पहली प्रोपोजल मंत्रालय ने पिछली पंचवर्षीय योजना में बनायी थी, उसमें 6 हजार किलोमीटर सड़कों को नेशनल हाईवेज में मिलाने का सुझाव दिया था लेकिन वह सुझाव एक बार योजना आयोग के मानने पर धनराशि की कमी के कारण उस पर अमल नहीं हुआ और इम्पैसिस दूसरी बातों पर चला गया। इसके साथ साथ कोई