[*English*]

Export and Import Projections

*124. SHRI S. KRISHNA KUMAR: Will the Minister of COMMERCE be pleased to state:

(a) the projected exports and imports during 1990-91;

(b) whether Government have prepared a plan for import management; and

(c) if so, the details thereof?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): (a) to (c) A Statement is laid on the Table of the House.

STATEMENT

(a) The export target for the financial year 1990-91 has been fixed at Rs. 36,000 crores. No target is specified for imports.

According to provisional figures, India's exports for the first quarter April-June of the financial year 1990-91 are estimated at Rs. 7428 crores signifying an increase of 23.0% and imports at Rs. 9305 crores with a growth of 19.7% over the corresponding period of the previous year.

(b) and (c) Imports are governed under the Import-Export Policy for the period 1990-93, announced on 31st March, 1990. The main objectives of the policy are: to encourage rapid and sustained export growth; to facilitate availability of necessary imported inputs for sustaining industrial growth; to simplify and streamline procedures for import licensing and export promotion; to support recognised indigenous R&D institutions for building up their scientific and technological capability and to promote efficient import substitution and self-reliance. A number of steps have also been taken recently to reduce non-essential imports and to keep the trade deficit to a manageable dimension.

SHRI S. KRISHNA KUMAR: Sir, this Government started its economic management with an infamous remark that the coffers are empty and specifically blaming the former Government for the balance of payment position. The proof of pudding is in the eating. What is the performance of this Government in the import export front and the balance of payment position in the last seven to eight months? In the first six months of the previous financial year, April to October,—these are the published figures—the trade deficit in dollar terms fell by 34.5 per cent. The trade deficit actually fell because of vigorous performance in exports and containing the import bill. Compared to that, as is evident from the answer to this question, as against a fall in deficit in the corresponding period of the last year, during the last three months of this year, the deficit has grown by 8.2 per cent under this Government. Now, let me take up exports. Whereas in the corresponding period last year, exports rose by 26 per cent. The Government admits that the export has stagnated and the rate of increase has fallen to 23 per cent. As regards imports, the growth rate in import is 19.7 per cent while the import rise in the corresponding period last year was much less. Therefore, this Government has signally failed in improving the export position, containing unnecessary import and in spite of its protestations, it has actually increased the trade deficit.

My first question is this. What is the explanation for the stagnation of exports, increase in unnecessary imports and the increase in the deficit as against the corresponding period of the last year in spite of the protestations of this Government that they will improve the balance of payment position?

SHRI ARUN KUMAR NEHRU: Sir, I can also use this opportunity of giving the hon. Members several statistics. I think, the first lesson in any statistics is that you cannot pick up a particular period and pass judgement over a long period of time on either exports or imports. If I have your indulgence, I would like to deal with some details in regard to the import export figures over the last three or four years. There is no question of exports coming down and neither there is a question of import bill going up. If you suddenly pick up a period January, February and say something corresponding to the previous year, it does not reflect the yearly trend.........*(Interruptions)*.

You may kindly listen to me. I am not yielding. Let me give you some facts and figures.

In 1987, the export was Rs. 14,400 crores and I am talking of the period January to December. In 1988, it went up to Rs. 18,000 crores. In 1989, it went up to Rs. 25,000 crores. In 1990, in the first six months, we have done Rs. 15,576 crores. We are aiming at an export target of Rs. 36,000 crores which is 30% growth over the previous year. In the first three months of the year the exports are always lower and in the last three months of the year, the exports are always higher. The hon. Member has not noticed that in sheer dollar terms, even today the export rise is about 14 per cent. So statistics can be quoted either way. But the fact is that the exports at the moment have got 30 per cent growth rate and we are very confident of maintaining it. As far as imports are concerned, the deficit figure as compared to 1989-90 was Rs. 7731 crores and in the previous year it was Rs. 7892 crores. But the figure by itself does not mean anything because we have to take the figures in terms of total imports. If you see the overall statistics you will find that imports have come down slightly. The other thing that I would like to advise the hon. Member is that as far as imports are concerned, the House should know that there are imports of three categories. As far as the Commerce Ministry is concerned, the imports which we are directly concerned with are all those imports which are directly related to exports. When you export. you give certain incentives like replenishment licence, advance licence, etc. But that constitutes one-third only. About the two-third, one is essential commodities like fertilisers, steel and other items on which various Ministries advise us and we import on their behalf. The other is capital goods for industrial development where for the new factories and for modernisation of existing factories they are allowed certain imports. So there are three categories of imports which are taking place. I do not want to take too much time. But if you want I can read out to the hon. Member certain measures we have taken to curb unnecessary imports. It is a continuous process. We have already announced measures to save nearly Rs. 1,000 crores.

SHRI S. KRISHNA KUMAR: Government have announced certain measures to curb unnecessary imports. On the other hand, the same Government has through its new industrial policy by allowing unrestricted entry of multinationals in the consumer sector and automatic sanction of equity participation of multinationals upto 40 per cent, opened the flood-gates of India's economy to multi-nationals which inter-alia will push up the import bill in terms of obsolete technology which they will push into the country. What is the effect of the new industrial policy in the buoyancy of the import bill? Secondly, every dollar rise in the petroleum price is going to cost us Rs. 400 crores in extra import bill. Already the petroleum prices have risen by seven dollars which is going to cost us Rs. 3,000 crores. We understand that this is not entirely within their control. But what is their strategy about the petroleum bill that they have to pay in the coming months? Many economists say that this is going to spiral into a totally uncontrollable situation.

SHRI ARUN KUMAR NEHRU: As far as the hon. Member's comments on multi-nationals and about the industrial policy are concerned, this is a matter which comes under the Ministry of Industry. But I do not mind replying to that in the sense that if he can give a specific example of which multinational he is referring to, then I can respond to.

SHRI S. KRISHNA KUMAR: Anybody can come.

SHRI ARUN KUMAR NEHRU: No, it is not like that. I think, he should study the things again. He is not aware of what the rules are. The other thing is, if you go carefully through it you will realise that any of these companies which come there is an export obligation. So, if anyone comes in that manner, there may be some imports but the balance as far as we are concerned is always on the credit side because the exports will be more. There may be many companies which are coming into the 100 per cent export zone. So, there is no question of import Bill going up. In fact it works the other way round. The exports will go up. On the second issue as far as petroleum prices are concerned, you will appreciate that it is not a question for the Commerce Ministry to answer, but there is no doubt that every dollar rise is means Rs. 400 crores. We are importing a great deal. We are buying on the spot.

Whatever price is ruling in the market will apply to us. It applies to other countries, many countries in the Western World, they have already raised their prices of various fuels. It is very difficult to predict what the prices would be because it depends on the situation in the Gulf.

SHRI K. S. RAO: The essential commodities like oil seeds, fertilisers, and allied steel which can be manufactured in this country are being imported. Foreign exchange can be saved by increasing the production of the same in this country giving remunerative prices to the manufacturers.

Secondly, in regard to the import of capital equipment to increase the production and employment in this country in areas where some NRIs were to come forward to import second hand machinery or even indigenous manufacturers, local industrialists, will the Government permit such import of second hand equipment which is costing 5 to 10 per cent of the new equipment, though obsolete in that country and not in this country and as the human resources are abundantly available here, utilising the same, the manufactured product can compete in the international market thereby earning lot of foreign exchange? Will the Minister think in terms of importing such second hand equipment?

SHRI ARUN KUMAR NEHRU: Sir, the fact is that as far as capital goods are concerned, we want to spend our foreign exchange on the best technology and the best technology does not necessarily mean buying the second hand machines. I do not want to generalise on it, if there are any cases like that they could be examined by Ministry of Industry and we would consider them on merit.

[*Translation*]

SHRIMATI SUBHASHINI ALI: Sir, my question is in two parts. The first part seeks the information about total import bill for defence and oil projects and second part is related to his statement that the multinationals have very little to import and their export obligations are many: I would like to know the number of companies which fulfil such obligations. I would also like to know about the proposed line of action against those companies which do not fulfil such obligations.

[*English*]

SHRI ARUN KUMAR NEHRU: Sir, I cannot give any reply as far as the Defence imports are concerned. It does not come under the purview of the Commerce Ministry. ... (*Interruptions*). As far as the petroleum is concerned the import depends on the various price structurers. At the moment it is about Rs. 5,000 crores. It can go up because the prices are going up. As far as the multinationals are concerned again it is a very generalised question. The point is if multinationals comes in for 100 per cent export unit then everything is exported. If they come in for something else then there is an export obligation and that they will have to fulfil... (*Interruptions*).

HON. SPEAKER: No interruptions, please.

[*Translation*]

SHRIMATI SUBHASHINI ALI: My question was about the action proposed to be taken against those who do not fulfil such responsibilities.

[*English*]

SHRI ARUN KUMAR NEHRU: The question of allowing 25 per cent for 100 per cent export unit, I think there are only 2-3 cases where they have been allowed and they have not been allowed to multinationals. but they have been allowed to Indian Companies. All these things are examined on merits. But the fact is that we are also operating in an international environment. Today, we are talking of restrictions. We cannot bring ourselves to a zero level. We have to think of what is happening in other countries also. Today, do not think there are people waiting to come in... (*Interruptions*). I am giving you the facts. You have to go and get people to come and invest in India. It is not so simple. And there are countries all around us which are giving massive investment. We, as a policy, are not allowing 25 per cent sale in India but all countries around us are going even up to fifty per cent.

[*Translation*]

SHRIMATI SUBHASHINI ALI: My question was about the action proposed to be taken against those who are not working properly ... (*Interruptions*).

SHRI DAULAT RAM SARAN: Mr. Speaker, Sir, it cannot be denied that import and export both are necessary as per our requirements. But a wide gap between import and export is dangerous for the nation. A higher import against a low export performance creates the problem of Balance of Payment. Presently, the Government is taking steps to promote export and for that purpose, the 'money-bags' to the tune of billions of rupees are being given to the exporters which has no justification. I would like to know from the hon. Minister whether he is prepared not to put this heavy tax burden on this poor country and to utilize that money for the general welfare of the poor.

[*Translation*]

SHRI ARUN KUMAR NEHRU: Mr. Speaker, Sir, one should clearly understand it that the exports carry a cash incentive scheme. You are also talking about the same thing. Under this scheme, local taxes and freight charges are calculated and returned to the exporters. In the absence of such schemes and concessions the export prices would be higher and they would fail to compete with others in the international market. If the prices are higher by 10 to 15 or 20% then no one would buy our items of export. This gap that exists between our export and import ... (*Interruptions*) ... I would like to say that it cannot be bridged without such incentives, being if otherwise that gap would widen further. For instance, we are giving incentive of Rs. 2 only on a thing priced at Rs. 10 if its international price is Rs. 8. This is done in order to enable them compete in the international market. Therefore, if the government withdraws the incentive, then who will purchase their items. Therefore, if some concessions are given to exporters under the export policy, these are not aimed at bringing down the exports but to increase the export.

[*English*]

SHRI A. R. ANTULAY: Sir, through you I would like to bring to the notice of the hon. Minister and, I am sure, the hon. Minister will appreciate, the hon. Finance Minister will also appreciate, and the hon. Agriculture Minister will also appreciate, that there is a vast potential for export of horticultural produce, especially 'Alfanso' mango. That is one area which, has remained untapped so far. Unfortunately, there is no integrated policy on the subject from the stage of "Tending" to that of "Trading". There are many countries where 'alfanso' mangoes are not being exported, barring perhaps Middle-East and Gulf countries, though there is demand from France, Germany, USA, to some extent, and also from Japan. APEDA Chairman has done good spade work in this respect and I compliment him. I would like to know whether we have any integrated policy for the same from encouraging more plantation more produce to more processed products for export. Now Rs. 36,000 crores is the target but now much of it is earmarked for fresh alfanso mango export and how much for processed products. Is there any specific amount which is earmarked for that, and if not why not. Are we going to export the fresh fruit, as also the processed one or not. There is demand for both. The world over and we alone monopolise. Besides, there is only one region area—if I am not very much wrong—in the country where this 'Alfanso' mango is produced and that is Konkan, because the climate is such and the soil is red that this area can monopolise this king of fruits for our country in world market. Nowwhere in the world it can be produced, barring a few exception perhaps except Konkan. Then why can't we utilise it fully for the sake of export, which will earn to our country a lot of foreign exchange? We enter competitive market but are callous where there is no competition, where we hold monopoly. Isn't it paradoxical?

SHRI ARUN KUMAR NEHRU: Sir, the hon. Member has made a very valid suggestion and he would be happy to know that in Konkan during the period from April to June 1988, whereas our sales were for Rs. 107 crores, they had gone up to Rs. 138 crores over the corresponding period and in fact, as far as mangoes are concerned in France there was a mango festival and all over Europe they were having these festivals not only to promote 'Alfanzo' mango but also other varieties of mangoes. The exports of Alfanzo mangoes are also pushing up the prices in the local markets and there are a lot of complaints that they are exporting to foreign markets and that is why the prices are raising to the level to which they have in foreign countries. But it is our effort to increase our market share in the USA and in Japan. There have been some objections raised in terms of various other problems. I think you are aware of the problems. They are trying to get Food Authorities to approve this. But basically we are facing very very heavily on exports of fresh fruits, fresh vegetables, and they have shown a very sizeable increase in the current year. Unfortunately with the problems in the Gulf countries just now, we have a set back. But no doubt we have a very very large market. We are certainly looking into it and mango festivals are being held in Europe. It is a single largest market. What is also important is that we get the highest price realisation per unit from the market.

[*Translation*]

Scheme for increase in Steel Production

*125. SHRI DALPAT SINGH PARASTE: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether the Steel Authority of India Ltd., has formulated a scheme to increase the production of steel during the year 1990-91; and

(b) if so the details of proposed quantum of increase in production vis-a-vis the production achieved in 1989-90?

[*English*]

THE MINISTER OF STEEL & MINES AND THE MINISTER OF LAW & JUSTICE (SHRI DINESH GOSWAMI): (a) and (b) A Statement is laid on the Table of the House.