

[The motions for Demands for Grants, which were adopted by the Lok Sabha, are reproduced below—Ed.]

16.36 hrs.

MINISTRY OF COMMERCE

DEMAND NO. 4—MINISTRY OF DEFENCE

"That a sum not exceeding Rs. 73,56,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1969, in respect of Ministry of Defence."

MR. SPEAKER: The House will now take up discussion and voting on Demand Nos. 1 to 3 and 103 relating to the Ministry of Commerce for which 5 hours have been allotted.

Hon. Members present in the House who are desirous of moving their cut motions may send slips to the Table within 15 minutes indicating the serial numbers of the cut motions they would like to move.

DEMAND NO. 5—DEFENCE SERVICES—EFFECTIVE

[Army including Defence Production, Navy and Air Force]

"That a sum not exceeding Rs. 7,62,53,33,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1969, in respect of Defence Services, Effective of which Rs. 5,90,57,83,000 shall be for Army including Defence Production, Rs. 31,84,67,000 for Navy and Rs. 1,40,10,83,000 for Air Force."

THE MINISTER OF COMMERCE (SHRI DINESH SINGH): Mr. Speaker, Sir, while moving the Demands of the Ministry of Commerce, may I take a few minutes of the House to make some broad observations regarding the working of the Ministry?

16.37 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

श्री मधु लिमये : आप भाषण करने जा रहे हैं या बयान देने जा रहे हैं ?

DEMAND NO. 6—DEFENCE SERVICES—NON-EFFECTIVE

"That a sum not exceeding Rs. 23,54,17,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1969, in respect of 'Defence Services—Non-effective."

MR. DEPUTY-SPEAKER: The Speaker has permitted him to make a short statement.

SHRI NAMBIAR: Is that on the export-import policy?

MR. DEPUTY-SPEAKER: He would not take more than 5 minutes or so.

SHRI SHRI CHAND GOEL (Chandigarh): Why should there be departure from the usual practice?

MR. DEPUTY-SPEAKER: The Speaker has permitted him.

DEMAND NO. 104—DEFENCE CAPITAL OUTLAY

"That a sum not exceeding Rs. 1,08,79,17,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1969, in respect of Defence Capital Outlay."

SHRI NAMBIAR: Is it the carrot-and-stick policy that he is going to announce?

SHRI M. AMERSEY (Banaskantha): On what subject is he going to make a statement?

SHRI S. K. TAPURIAH (Pali): He should not be allowed.

MR. DEPUTY-SPEAKER: If it is the contention that it is going to prejudice the debate, that is a different matter. But it will help the debate. He had had the consent of the Speaker.

SHRI VASUDEVAN NAIR (Peer-made): We cannot, under the rules, object to a statement made by a Minister but it is not proper and fair that he is going to make an important statement now. He could have made the statement at least some time before the debate began so that Members could participate in the debate after studying that statement.

MR. DEPUTY-SPEAKER: He has approached the Speaker and has taken the permission of the Speaker to make a statement regarding two specific points.

SHRI M. AMERSEY: What are the two points?

SHRI SHRI CHAND GOEL: Do the two points relate to something which do not find a place in the Report?

SHRI DINESH SINGH: I am grateful to you for giving me this opportunity. Hon. Members are aware of the rules. I can understand some hon. Members who are new to the House not knowing the rules.

SHRI S. K. TAPURIAH: Under which rule are you speaking?

SHRI DINESH SINGH: Shri Limaye is an old Member and he knows that a Minister is entitled to present his Demands.

Sir, I shall deal with some of the matters which are of some importance to the House. The House is generally aware of the position of our exports and how far the last two years or so we have been experiencing certain difficulties in our exports. Fortunately, however, since June, 1967, some improvement is noticeable.

AN HON. MEMBER: That is given in the Report.

SHRI DINESH SINGH: We owe this recovery partly to improved supply position in the wake of better agri-

cultural crops as well as the increase in our production. May I also say that it has been very heartening for us that we have been able to secure some high-value orders in the face of international competition?

May I now turn to imports? With your permission, I should like to place on the Table of the House the new Import Trade Control Policy for the year 1968-69. [Placed in Library. See No. LT-677/68].

SHRI S. K. TAPURIAH: Dinesh Singh Red Book.

SHRI DINESH SINGH: It only shows the seriousness with which the hon. Member views the Demands that are presented for the consideration of the House. The Policy Book which the hon. Member is so fond of calling as the Red Book is red in colour and it has been published in two volumes this year. The second volume deals exclusively with import policy for Registered Exporters.

The new Import Policy reflects three major changes which have been made in the need based import policy and which has been in operation over the last year. The first among these relates to the addition of a new dimension, namely, export performance, to the elements which constitute our production-oriented import policy. From now on, industrial units, whether large or small, whether priority or non-priority, whose export performance has been 10 per cent or more of their production will get preferential treatment in comparison with the others. Conversely, in 10 selected priority industries the failure to achieve an export performance of even 5 per cent in relation to production will render the concerned units liable to cuts in their import entitlements.

The second major change we have made is to strengthen the link between inventories, consumption of imported inputs and import licensing in the case of priority industries. The priority units will henceforth obtain import licences by way of replenishment of imported inputs consumed by them in

successive periods of the time preceding their import applications.

The third modification we have attempted is in the sphere of import substitution. We have not only deleted from the permissible list many items local manufactured of which has developed in adequate quantity and reasonable quality but we have also streamlined the institutional arrangements for dealing promptly with suggestions for amending the item-wise policy which are received from time to time.

I am sure the hon. House will expect me to say a few words about the UNCTAD II.

AN HON. MEMBER: At the end.

SHRI DINESH SINGH: It only shows the interest of the hon. Member in anything in which the world is interested. He is only in his shell. He says 'No' to everything that exists in the world. That is my trouble with the hon. Members on the other side.

MR. DEPUTY-SPEAKER: If it is a big statement, you can lay it on the Table of the House.

SHRI DINESH SINGH: Sir, it was my intention to lay it on the Table of the House. If the hon. Member had so patiently listened to me, this is exactly what I was going to say. My point was only this. If I did not have an opportunity of saying something about that, it will be a little difficult and unfair to the Members who will be speaking immediately after me because they would not have heard what I have said.

श्री मधु लिमये : मंत्री जी को इसे सबेरे रखना चाहिए था । इस वक्त वह बिल्कुल अनियमित और इर्रगुलर है । मेरा सवाल है कि इसे इन्होंने 12 बजे क्यों नहीं पेश किया ? उस तरह कम मे कम तीन चार घंटे तो मिल जाते ।

MR. DEPUTY-SPEAKER: Let me explain. He approached the Speaker

and the Speaker said that the Demands are coming just now. So, at that time, it was not permitted. Now, he is laying it on the Table of the House. I would permit him to give the broad outlines of it for the benefit of those who will participate in the debate just now.

श्री मधु लिमये : हर एक सदस्य को इन के इस बयान की कापी दे दी जाये ।

MR. DEPUTY-SPEAKER: That is all right.

Now, does the Minister want to say something?

SHRI DINESH SINGH: I want to say the least; if the House does not want to hear me, I have nothing to say.

श्री मधु लिमये : आप को यही चीज पहले करनी चाहिए थी. . .

एक माननीय सदस्य : हम लोग मंत्री जी को सुनना चाहते हैं ।

SHRI DINESH SINGH: My difficulty is that, unlike Mr. Madhu Limaye, I tend to take directions from the Chair. He wants to give directions directly; nobody listens to him. What can I do? He has no business to ask me when and how I should lay the paper on the Table. It is for the Chair to decide it. If only he is a little patient, you would not have to pull him up . . . (Interruptions).

As I was mentioning when this unnecessary intervention took place, I am, with your permission, placing on the Table of the House my statement on UNCTAD—II. There are two aspects which I should, with your permission, like to mention in the House.

I am sure, the hon. members will appreciate that we had the privilege, in this country, of holding one of the world's largest conferences, and certainly the largest U.N. Conference ever held outside their Headquarters . . .

[Shri Dinesh Singh]

(Interruptions). If the running commentary could die down, we would have a greater opportunity of sharing the views with hon. members.

MR. DEPUTY-SPEAKER: Order, order. No interruptions please.

SHRI DINESH SINGH: While it is true that the Conference could not conclusively deal with many issues before it, and to that extent we have all expressed our disappointment with the results of the Conference, and at the same time the Conference could not evolve a comprehensive programme of global strategy of development, nevertheless, there have been some gains which we should equally take into account in coming to a judgment about this Conference. The House will appreciate that this is a continuing Conference; it is not one conference that is held and there is nothing after that. Also we have to bear in mind that this is a United Nations Conference which is held from time to time, that we had the privilege of offering the facilities in this country, and that we are happy, and we can share to some extent the pride, that we have been able to organize this Conference in an efficient manner. But this is a continuing Conference. You do not judge the United Nations by any one meeting of the General Assembly, and likewise, you cannot judge the UNCTAD by any one conference. The real question is whether we have made some gains, whether we have moved forward or whether we have gone back, and that will ultimately decide what success the Conference of this nature, and specially a conference of international co-operation, can or cannot have.

May I submit that while there has been considerable disappointment with the method of taking into account the reasonable demands of the developing countries, and this we have expressed on more than one occasion, there have been some modest gains in such important fields as aid, commodity ar-

rangements, preferences, shipping, insurance, expansion of trade exchanges with developing countries, trading relations between socialist countries and countries having market economies on the one hand and socialist countries and developing countries on the other. I have the feeling that, in the months and years to come, the decisions that we have taken in UNCTAD—II could prove of substantial help to us and to other developing countries in increasing our export income, in seeking solutions for our difficulties in the field of foreign exchange, and in improving generally the infra structure, both national and international, for trade and development. As I have sought to emphasize, UNCTAD II and its various supporting organs are of a continuing organization and the effort that we have made here will have to be redoubled in the future to make gains that we are envisaging for the developing countries.

May I also say that the role that the Indian Delegation played in the deliberations of UNCTAD II is highly commendable and may I take this opportunity to express my appreciation and thanks to those hon. Members of this House who participated in our efforts in the UNCTAD as well as to the other Members of our Delegation whose untiring efforts yielded the results that we had been talking about? They have been modest, as I said. Nevertheless, it is a movement forward.

For me, personally, Sir, it was a matter of great honour and privilege to have presided over such a large organisation and I am grateful to the House and to the country at large for the support that we received during our work in UNCTAD II.

With your permission, Sir, I beg to lay my statement on the Table of the House. [Placed in Library. See No. LT-676/68].

**DEMAND No. 1—MINISTRY OF
COMMERCE**

MR. DEPUTY-SPEAKER: Motion moved:—

"That a sum not exceeding Rs. 38,92,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1969, in respect of 'Ministry of Commerce'."

DEMAND No. 2—FOREIGN TRADE

MR. DEPUTY-SPEAKER: Motion moved:—

"That a sum not exceeding Rs. 69,46,65,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1969, in respect of 'Foreign Trade'."

DEMAND No. 3—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF COMMERCE

MR. DEPUTY-SPEAKER: Motion moved:—

"That a sum not exceeding Rs. 16,90,18,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1969, in respect of 'Other Revenue Expenditure of the Ministry of Commerce'."

**DEMAND No. 103—CAPITAL OUTLAY OF
THE MINISTRY OF COMMERCE**

MR. DEPUTY-SPEAKER: Motion moved:—

"That a sum not exceeding Rs. 57,48,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending

the 31st day of March, 1969, in respect of 'Capital Outlay of the Ministry of Commerce'."

SHRI M. AMERSEY (Banaskantha): Sir, before I start my speech, I should say that the procedure adopted today has not been exactly very fair. He should have laid whatever he wanted to say on the Table this morning, then we would have got an opportunity to go through it and make certain comments.

MR. DEPUTY SPEAKER: I must correct your impression. As I have already said, he did approach and he was advised... (*Interruptions*).

SHRI M. AMERSEY: Sir, I am not making an issue of it at all. It is quite all right. But to initiate the debate and answer the same debate appears rather odd.

Sir, we have all heaved a great sigh of relief that the UNCTAD II is over. The relief is because we have witnessed during this period a complete paralysis of the decision-making machinery of the Government, the Commerce Ministry. Of course, indecision is something not new for this Ministry. It is a normal practice. But, in the last few months because of the pre-occupation of the Minister as well as the top bureaucrats of the Ministry...

SHRI J. B. KRIPALANI (Guna): In making arrangements.

SHRI M. AMERSEY: ... decisions have not been taken. Sir, this policy of 'To be or not to be' is no good to the country nor to our economy.

It is said these days that the impulse from above is lacking. I hope now that the Minister is free from the UNCTAD, the impulse to act will come about. Sir, the Ministry this year has not been geared to exploit the large crop that we have this year. India is definitely fortunate this year that we have made a break-through in agriculture and this has to be properly exploited and the exploitation can come through a good and proper ex-

[Shri M. Amersey]

port policy which will take into account the international prices as well as the interests of the farmers and which depends upon a selective amount of incentives and a coherent and adequate credit policy, a credit policy which is adequate for the farmer, for the trader, for the industry, for all of them and thus improve our export position.

Another thing that has been hampering the marketing of our produce this year has been a complete lack of understanding of forward markets. Hedging facilities are a prerequisite, a complete pre-requisite, in a partial or completely free economy, for marketing of agricultural produce. This year we have seen that in some fields like jute . . .

SHRI DINESH SINGH: You want hedging?

SHRI M. AMERSEY: Hedging is always necessary.

SHRI N. K. P. SALVE: He is referring to untrammelled hedging.

SHRI M. AMERSEY: I am referring to all types of hedging.

Sir, if I am not disturbed in the way these people are doing, I will be able to complete very soon.

SHRI DINESH SINGH: He also had the privilege of disturbing.

SHRI M. AMERSEY: I never disturbed you. Oilseeds, tobacco, cotton and many other cash crops require the type of selective incentives and I am sure, under the guidance of the Commerce and the Finance Ministries we in future may have some incentives whereby the export trade of this country is improved.

Sir, coming to the Textile industry, I am reminded of the words of my colleague Mrs. Tarkeshwari Sinha, viz., baby-kissing. It is more a case of baby-feeding, that this industry has had for a number of years. It has

always exploited the consumer, it has always exploited the farmer, it has always managed to have most favoured treatment from the Commerce Ministry, from the Textile Commissioner's office, etc. In times of difficulties like what we find this year, the industry is completely at a loss. When there is even the least amount of difficulty, it is not geared to face bad times. No doubt the heavy excise duties have played their part but the industry, as the Minister has very often said, has to gear itself up to national interests. The recent demand that has been made by the industry for increasing the cloth prices is completely unjustified. They are today not in a position to sell any of the controlled varieties of cloth at the present control prices. The demand for higher price is illogical and improper. It only suggests one thing, and that is, that the industry today is in a mood to cheat the consumer. This, the Ministry should never allow. The Ministry, through its agencies like the Textile Commissioner, has allowed the industry to have a veto power over a large section of trade as well as important farm and consuming sections of this country. This position should certainly change.

Any criticism of the Commerce Ministry cannot be completed without talking about the work of the STC and the MMTC. We have had an assurance by the Minister this morning that a study will be initiated by impartial economists. The question was as to how the STC and the MMTC have been given monopolies and how they fared as compared to the private trade.

SHRI DINESH SINGH: This is only my hon. friend's interpretation, of what I have said.

SHRI M. AMERSEY: If an assurance is not given, I would like him to give or repeat what he had said when he replies.

A lot has been said about human hair exports by the STC. I would like to give a warning here. We would be losing shortly our largest market, Hong Kong. The reason is this, that Indonesia is competing with us on much better terms. We will be completely losing the market because of the rigidity of the STC in going through the offers of the private trade, as the exports are being channelised through the STC.

17 hrs.

Salt is also the monopoly of the STC and one would see that there is a terrific lack of promotional activity here. Even here, I would like to warn that Japan, our largest consumer we are about to lose as she is very actively making collaboration agreements with partners in Australia for building up salt works. Unless and until we encourage this old industry of ours and we remove this industry from the clutches of the STC, our salt trade would completely vanish and we shall lose our very large customer i.e., Japan.

Recently, the STC has taken over wool. They have made a complete mess in the allocation of imported wool. Wool imported by spending lakhs and lakhs rupees worth of foreign exchange is remaining completely unutilised. Raw wool and shoddy wool is not being distributed to the normal sector but only to the decentralised sector manufacturing hosiery and other allied goods. The long-established practice of distributing wool to spinners has been thrown overboard for reasons best known to the authorities. The present method of importation of this scarce raw material through the STC will not serve the industry, and as a matter of fact, there is great discontent in the trade as well as industry and something should be done by the hon. Minister about this.

Coming now to the MMTC, I would just like to touch on one point and

that is in regard to manganese and ferro-manganese. There is a very heavy accumulation of stocks. Mines are closing down. A flourishing industry in the hands of private trade has been nationalised and taken over and the exports are being channelised through the MMTC, the exports have suffered and gone down. Something must be done quickly to see that the MMTC does not enjoy any more monopoly over these items.

Coming to the UNCTAD, the failure of the UNCTAD was a foregone conclusion. It was a completely foregone conclusion because the timing was bad. It is not that the Government could be blamed for it. I do not blame the Ministry or the Government at all. As a matter of fact, we had the privilege of having our own Minister as the chairman of this Conference, and I must say that he personally made certainly a very good job presiding over it. I have gathered this impression by talking to quite a few delegates. But as I have said the timing has to be blamed. There is an international monetary crisis. It was looming over the horizons for a number of months. The squabbles of the 77, the vested interests of the rich nations and the hypocrisy of the communist bloc were largely responsible for the failure of the UNCTAD. The communists made a lot of publicity that they were going to give special favoured treatment, that they were going to come out with special offers, that a special Minister was going to come here and so on; all this was a lot of loud talk and empty vessels making a lot of noise but nothing happened out of it and the conference has failed.

Whilst on the UNCTAD, I would like to know one thing from the hon. Minister. I would like to ask of him a pointed question whether the reports in the foreign press regarding bug-ging of conferences had been true. With your permission, I would read

[Shri M. Amersey]

out a report from the *London Times* of the 15th, which reads thus:

"Bugging of UNCTAD talks alleged (From our own correspondent)

Delhi: March 14: A serious diplomatic dispute has developed behind the scenes at the United Nations Conference on Trade and Development, with several Western nations suspicious that their private and confidential talks have been bugged by under-developed countries. Suspicions were aroused by the discovery of an unauthorised loudspeaker which was connected to the main communications system and microphones in the committee rooms. The loudspeaker was located in the office of a senior member of the Indian Ministry of Commerce, after secret talks between Dr. Raul Prebisch, the Conference Secretary-General and the group of 77 developed nations were relayed over the public announcement system to the press room and offices in the conference building last week. While the Conference Secretariat insists that the Indian official had no authority to a loudspeaker in his office, the spokesman for the Indian Government denied allegations that the same was used to bug most of the private meetings. The spokesman admitted the existence of the loudspeaker but said that the installation was innocent and authorised."

This is just a very mild comment in the *London Times*, but many more uncharitable and adverse comments have appeared in the rest of the foreign press, and these have done us no good. I think the practice of bugging is universal, but no one is caught doing it. Our trouble was that we were caught.

SHRI DINESH SINGH: The hon. Member need not labour the point and waste the time of the House. We have

answered a question in the House about it. There was no bugging at all. A statement was issued by the UNCTAD secretariat saying there was no bugging.

SHRI PILOO MODY: There were only bugs, not bugging.

SHRI M. AMERSEY: All right. I will forget both bugs and bugging.

Coming to the execution of controls in our controlled economy, the administration needs flexibility of approach which is, unfortunately, completely absent in our present bureaucracy. Adaption to changing circumstances is basically a key to success. There is too much centralisation. Thus we find that decisions are not being taken in time, and trade, industry, commerce, agriculture, everyone suffers. For successful functioning of whatever controls we have, if they are necessary at all, it is absolutely essential that we now decentralise in a big way, giving authority and power to people at the lower levels to function and thus avoid unnecessary delay which is absolutely common today.

As a member from Gujarat, I would like to say a few words about the Kandla free zone. Till today about a crore of rupees have been spent over it. About four or five new factories have come up and their total exports this year is of the order of Rs. 15 lakhs. This is most unsatisfactory.

This matter has to be looked into by the Minister personally and the free zone in Kandla encouraged, because this is the only free zone in the country and the people already interested in it have now a sense of frustration and failure. Newcomers should be given a chance to go there, given monetary, banking and other facilities and should be encouraged to export more and more for the benefit of the country.

A few words about smuggling of goods would not be out of place here. Complete bungling in the matter of promoting export of art silk yarn fabrics has been there. No export worth the name has been made in the last few years. This is basically because there is continuous concentration on viscose yarns which are now completely out of fashion. The world has switched over to other synthetic fibres and mixtures and the case is certainly there for a pragmatic approach to the future of our handloom and powerloom industries whereby this concentration on viscose and dependence on viscose yarn can be eliminated.

Smuggling of nylon yarn has reached such proportions as to equal in value the smuggling of gold. This fact proves that our handloom and powerloom industries are now wanting more and more of nylon yarns. The Ministry must certainly do something about the importation on a legal basis of these yarns in a bigger way. STC should be given a chance to import more and more of this material.

This is all I have to say.

MR. DEPUTY-SPEAKER: We have a limited time—five hours for this Demand. I presume the Minister may take about 45 minutes... (*Interruptions*). I want to accommodate at least 4-5 members from this side. I am only saying that they shall have to confine their remarks to fifteen minutes. Shrimati Sucheta Kripalani.

SHRIMATI SUCHETA KRIPALANI (Gonda): I shall race as fast as I can. This morning's paper carried the news about the Stockholm meeting of the Finance Ministers of the gold pool countries. This was a very important meeting against the background of the recent gold crisis in Europe. We were all waiting very eagerly to see what they would decide. Fortunately, they have reaffirmed the present official price of gold. So the crisis for the time being at least is averted. But the future is not very hopeful or

bright. For the first time in this Conference, France openly demanded a rise in the price of gold. What does it mean? That means that the war between the United States and France over this issue continues. That also means something more. The US balance of payments position is very difficult and there is no sign of the ending of the Viet-Nam war. If the Viet-Nam War continues and the U.S. balance of payments position also continues as it is, it is obvious that the U.S. has no alternative but to cut down its aid programme. The U.S. is at present giving aid to the world upto three billion dollars. I see the writing on the wall, that our aid from the U.S. will be cut down. How is it going to affect our economy? Have we taken any steps to meet such a situation? I should like the Minister to spell them out, if not today—perhaps it will be difficult to do so today or tomorrow—in the near future as to what steps he wants to take in order to meet the very difficult situation that is looming before us. One of the ways by which we can meet the situation is by increasing our export reducing our imports. I am sorry that the announcement about the new export policy came so late. I was not able even to hear them because of the disturbances. From whatever little I could hear, I feel that it will help to increase exports. It embodies certain pragmatic decisions. Some pressure will be placed on the industry to make them orient themselves towards export trade. The subject of import substitution has also been touched upon. All this is good. We must boost our reports because we have a mounting debt servicing obligation. Both to meet the aid shortage as well as meet the debt servicing obligation, the only way is to increase our foreign trade.

Let us see what has been the trend of foreign trade during the last few years? The Ministry has given us figures of export-import trade only for the last eleven months and these figures show that there is a deficit of Rs. 752 crores. If we project it to-

[Shrimati Sucheta Kripalani]

the whole year, it will become Rs. 806 crores. So, our deficit this year is Rs. 806 crores. The problem is how to meet this as against the lowering prospect of foreign aid? Our economy is a crisis stricken economy. We may call it "inflationary, recession economy" etc. In such an economy, foreign trade has assumed special significance, particularly export trade. Now, what has been the position during the last decade regarding our trade? In the last decade foreign trade of other trading countries has improved very much. The volume of trade had increased to about double. But as far as we are concerned, our position has been more or less stagnant. I do not say it is receding; it is stagnant. I think our policy-makers and planners were a little complacent because there was the cushion of sterling balances and they thought they would be able to carry on with that. But we know what is the position of our sterling balances now. These have been dwindling fast and we are now in a very difficult situation. During the third Plan, the spell of stagnancy was broken for a little while, and 1964-65 was a good year. We did a little more of trade in 1964. The Government took many steps, to improve their organisational structure. For instance, the Export Promotion Council came into being; so also the Institute of Foreign Trade; the export houses were started as well as the Federation of Exporters. Efforts were made to diversify export trade as well as to take liberalisation measures. But in spite of all these—they were good steps, and 1964-65 was a good year. But 1966 was a bad year. There was recession and devaluation came. After devaluation, we took certain major steps towards export promotion. The Government decided to give greater cash assistance to the exporters. Then they gave cash incentives and entitlement in respect of engineering and chemical industries. Then steps were taken to strengthen credit arrangements. Provision for indigenous raw materials at inter-

national prices for selected export was also announced by the Government. They were all good steps. Last year, during the budget, certain export reliefs, for instance, on hessian, sacking and manganese etc. were declared. All these step were taken to improve our export position. Again recently, during this year's budget, certain relief in export duty has been announced, taking a review of the recent trends in international demand and the pricing of Indian goods. All these measures are good. And in the last few months, as the Minister has just now stated there has been a little sign of going up, some signs of buoyancy. But taking it all in all, the position is not yet satisfactory.

The Government's own Economic Survey says that the "export earnings for five years ending 1967-68 present a picture of stagnation in contrast to increase in the earlier years of the Third Plan." That is the position. The question is, how to meet this situation and what steps to take? For the export promotion policy, stability and certainty are essential ingredients. But, at the same time, it is equally important that we should modify our policy in the light of emergent situation. A difficult situation has arisen, and in this situation, what is the strategy to be adopted? We should have some mobility and manoeuvrability so that we can take stock of the situation and introduce changes quickly whenever necessary. First, there must be a very well-conceived export policy. Secondly, not the least important, the policy should be properly implemented. The Government has been considering for a long time an export policy resolution. I do not know what has happened to it. It will be good if the resolution is expedited.

Then, another matter to which the previous speaker also referred is delay in decision-making. The delay in decision-making is endemic in the whole Secretariat, in all the departments. Where we have to deal with export,

where we have to compete with the commercial world and we have to deal not only with Indian commercial world but with the international commercial world, quickness is of the essence. So, let there be attention paid to the question of having a decision-making body within the Government so that decisions are taken quickly, things are not delayed and opportunities are not lost due to unnecessary delays.

Export duty needs further rationalisation. I do realise the need to protect revenue. But, at the same time, we must see which of the export duties have an inhibiting effect on the progress and development of a particular industry. Wherever such an effect is adversely affecting the production of the industry, we should either reduce or withdraw the export duty. Because we should take a long-range view, and realise that if an export industry develops the Government can earn much more than what they are earning at the moment from export duty. Therefore, how well and scientifically such adjustments be made is the test of the success of our policy.

We should also take advantage of the technological developments that are taking place in the world to develop our export industry. And, at the same time, industries should try to achieve economies on scale. While coming to the question of economy, our industry, both here and abroad, is suffering because of high cost of production. Here we must understand this plain fact that we have to compete in the world market. We cannot expand our trade when our products are too highly priced. Therefore, it is essential that this important subject of cost reduction should be gone into very carefully both by the Government as well as the industry.

Along with exports, come imports. Imports must be restricted. But what steps have we really taken in this regard? What atmosphere has been

created in the society to prevent the use of imported materials? In pre-independence days, whenever we gave the call of *swadeshi*, people took to *swadeshi*. Today there is very great need to cut our imports, but that atmosphere is not there. The true test of the success of our policy is how much cooperation we get from the people and to what extent there is reduction in the use of imported goods by the people in general.

The previous speaker mentioned about STC. STC was organised to boost exports, but I am afraid its performance leaves much to be desired. He mentioned nylon and wool deals—how bad quality stuff has been dumped on the industrialists and they were compelled to take it. Apart from that, I feel STC should confine its energies to big items involving big amounts. But it is trying to dabble in handloom and handicrafts and cottage industries. A couple of years back STC said that shoe exporting to East European countries will be done by them. But the result was that the chappal which was finding a good market in the area came down to a great extent. This shows that smaller items can be managed better by the private industry rather than by STC. A couple of years ago, Rs. 1½ or Rs. 2 crores worth of Madras Bleeding was purchased and this is lying somewhere in Madras as dead stock. We do not know why? The STC's working needs to be improved. It is meant for commercial purposes and its financial rules and administration rules should be different from the normal Government departments where the working is slow. If we want STC to be really a useful institution, we should change the rules so that it can function more effectively and efficiently.

The previous speaker criticised that the holding of the UNCTAD was untimely. To some extent, it is correct criticism. In fact, the *London Economist* contained an article in its January issue which said that the developing countries should not expect much. The developed countries were rather

[Shrimati Sucheta Kripalani]

shy at the present moment, they had a protectionist attitude, etc. Therefore, we should not hope for much to come out of it. I do not think if India had said that the conference should not take place now, India alone could have succeeded in delaying it, because it was due much earlier and in fact it had been delayed from time to time. Whatever it may be, UNCTAD has taken place.

Our experience of the UNCTAD was very interesting. During the plenary sessions, the representatives of developed countries from both the blocs—socialist and non-socialist—made very beautiful speeches expressing fine sentiments about the developing countries. We were given to hope a lot. But when we went to the committees where really we had to come down to brassstacks, from the very beginning they adopted a rigid pose and they were not willing to budge an inch forward. In a document called the OECD document they had spelt out their position *vis-a-vis* the demands of developing countries and they refused not to go half an inch beyond that. On the one side we saw the militant African group, united and very conscious of what they want or do not want. On the other side, there was a reluctant developed group, hesitating to take even one step forward. And I am afraid the role of the Socialist countries was also not so very bright as it has been made out by some people here. Their talk was very good and their attitude was very sympathetic. But when it came to brassstacks, they too did not come forward to help. For instance, I was greatly surprised when the resolution was moved regarding aid of one per cent GNP by the developed countries, the Socialist countries did not vote for it. Since it was accepted in principle, the Socialist countries should have voted for it. But they preferred to wait and see. So, the achievement is not much.

But, at the same time, I will not say that there is no achievement. As the Minister has told us before, in an international negotiation of this kind, you do not get everything at one time. It is a continuous process. We have succeeded in the matter of preferences in establishing a continuing machinery and a time schedule has been drawn up that within the time schedule certain things will be done. I never thought that we will be able even to get this. But we did succeed in getting it. As a result, therefore, the negotiations will go on, the dialogue will go on and a progress report will come from time to time.

So, we cannot say that the UNCTAD has been a total failure. From our point of view, UNCTAD has not been a failure because for the first time we opened our windows to the foreigners, foreign trade and commerce. Many of them did not know anything about India. Of course, this does not speak well of our external publicity. A Chilean delegate who came to this conference was suffering from a certain disease, for which medicine is available in every part of our country. But that delegate was not sure whether he will be able to get that particular injection in India. That was his idea or conception of the development in India. So, they have gone back with the knowledge and conviction that we can function and develop. They have an idea of the level of our development. The way in which we conducted the conference and made arrangements for the conference has shown them that we are not inefficient people. We can take advantage of aid and trade opportunity that may come in our way.

One good point about the UNCTAD I want to emphasize is that the 77—really there were more than 77—held together. It was not an easy task. It was a very difficult task because there was clash of interests among the

developing countries. Some of them are partially developed and some are less developed. So, there was certainly clash of interests among them. But, in the interest of unity, some of the countries sacrificed their interests. Often the resolutions had to be watered down to satisfy all interests. Unity among nations is very important because when global negotiations are going on, if there is strength behind a group, then that group can successfully press their point of view and can succeed in negotiations. Therefore, these are some of the points in favour of the UNCTAD. Besides, against the background of the UNCTAD we will be able to enter into many bilateral arrangements with other countries which will be of benefit to the country.

As the time at my disposal is short, I will just mention two more subjects. One is the problem of our unutilized capacity. Secondly, the cotton textile industry is in the doldrums and in a very bad shape economy of India. It was a springboard of the industrial development in India. Even now it occupies a pivotal position. But year after year it is now coming down. In 1964 we produced 965 million kilograms of yarn; today we are producing only 896 million kilogram. In 1964 we produced 4,654 million metres of cloth. Today we are producing only 4,098 million metres. It is steadily going down. The same is the position in the employment situation. At the same time, I feel that the situation is not so bad that it is irrecoverable. These days the industrialists are meeting and they are placing their demands before you. You have to look to their demands, not from the point of view of resistance, not with the outlook that they are always unreasonable in their demands, but from the point of view of how you can sit together and find a solution to this problem, because this is one of our major and bigger industries. I would suggest that a committee be appointed to go into the whole question. You should ask that

committee to give its report within a month, suggesting some immediate solutions.

One of the problems facing them is that of uneconomic units. Since I have no time, I cannot elaborate on this, but I have sufficient experience in UP, where I saw how the uneconomic units both in the sugar and textile industry are dragging down the industry and the economy. It is not possible for the industrialists alone to solve this problem. Therefore the Government and the industry should together see how this big problem could be solved because as long as we have a large number of uneconomic units they will be a drag on the industry and retard our economic progress.

Most important, there should be a dialogue between the industry and the Government. So far we talked at them. They say something to us and we say something to them. Instead of talking at them, let them talk together. It appears that we are not talking on the same wave length. Let us at least talk on the same wave length. Let us understand each other. Let there be—in one of the articles a very interesting phrase was used—"an effective line of communication; there should be a fertilizing exchange of ideas with those whom you want to influence."

Unless there is a proper dialogue between the two we cannot develop because, whatever he said, this country is still mainly a market economy country. Private industry is there and we have to get the best out of them and help them. That can be done when there is a proper rapprochement between the two.

श्री श्रीचन्द्र गोषन (चण्डीगढ़) :
उपाध्यक्ष महोदय, किसी चीं शो की समृद्धि,
सम्पन्नता ग्रहणा उस का वैभव उस के ग्यार
के ऊपर निर्भर है और इन दृष्टि से मैं

[श्री श्रीचन्द्र गोयल]

समझता हूँ कि इस मंत्रालय का भार एक बुद्धिमान नवयुवक के ऊपर सौंपा गया था ताकि देश की समृद्धि को प्राप्त कर के वह देश की आर्थिक स्थिति का चित्र बदलें। मगर आज हमें उन के विभाग की ओर से, उन के मंत्रालय की ओर से जो वृत्त-पुस्तिका मिली है, उस को देख कर एक प्रकार की मायूसी या निराशा होती है। पिछले वर्ष, उपाध्यक्ष महोदय, यह कहा गया था कि देश की आर्थिक अवस्था या देश का व्यापार या वाणिज्य हृष इस कारण नहीं सुधार पाये कि दो कठिनाइयों उन के मार्ग में आई—2 सूखे के वर्ष और पाकिस्तान की तरफ से हिन्दुस्तान पर आक्रमण, जिनके कारण देश का उद्योग नष्ट-भ्रष्ट हो गया तथा देश की आर्थिक स्थिति को बहुत बड़ा धक्का लगा। लेकिन मैं यह निवेदन करना चाहता हूँ कि इस वर्ष तो इस प्रकार की स्थिति नहीं थी। उपाध्यक्ष महोदय, हिन्दुस्तान दुनिया के उन देशों में से है, जो आज से केवल 300 वर्ष पहले दुनिया का सब से समृद्धशाली राष्ट्र था, जिसको सोने की बिड़िया के नाम से याद किया जाता था। आपको याद होगा, कोलम्बस जिसने अमरीका की खोज की, वह एक छोटे समुद्री मार्ग के द्वारा हिन्दुस्तान पहुँचना चाहता था, ताकि हिन्दुस्तान के साथ व्यापार सम्बन्ध जोड़ कर अपने देश का भाग्य उदय कर सके और हिन्दुस्तान की खोज में उस को अमरीका नाम का एक नया देश मिल गया। इसी प्रकार वास्कोडिगामा भी हिन्दुस्तान छोटे रास्ते से पहुँचने की दृष्टि से आया था ताकि हिन्दुस्तान के साथ उन का व्यापारिक सम्बन्ध हो सके और उन का देश भी समृद्धशाली बन सके।

उपाध्यक्ष महोदय, हमें यह भी पता है कि अंग्रेज लोग जब हिन्दुस्तान में आये, तो व्यापार करने की नीयत से आये थे, हिन्दुस्तान में साम्राज्य स्थापित करने की नीयत

से नहीं आये थे। एक अंग्रेज लेखक ने लिखा था—वी केन हूँ, यर बिब ए बॅलेंस एण्ड फाउण्ड प्रिन्सिपल्स इन पावर—हम तो हाथ में तराजू लेकर व्यापार करने की नीयत से हिन्दुस्तान पहुँचे थे, परन्तु हिन्दुस्तान की स्थिति ने यहां का साम्राज्य उन को प्राप्त करा दिया। किसी भी देश का व्यापार उत्तम है वह ठीक दिशा में चल रहा है— इस की एक ही कसौटी है और वह यह है कि जिस देश का व्यापार सन्तुलन, ट्रेड बॅलेंस उस देश के पक्ष में है, वह देश समृद्धि की ओर जायेगा लेकिन जिस देश का व्यापार सन्तुलन उस के विरुद्ध उस देश का व्यापार, उस देश की आर्थिक स्थिति हमेशा घाटे की तरफ जायेगी, विनाश की ओर जायेगी।

उपाध्यक्ष महोदय, जब हम इस वृत्त पुस्तिका की ओर नजर डालते हैं—विशेष कर सफा 10 पर—तो हमें दिखाई देता है कि 1966 में हमारे देश का जो व्यापारिक सन्तुलन था, वह माइनस 667.26 था यानी इतना हमारे विरुद्ध था, लेकिन अब 1967 में जब हम देखते हैं तो यह सन्तुलन पहले से भी ज्यादा बिगड़ कर, खराब हो कर 751.91 हो गया है। जिसका अर्थ यह है कि पिछले वर्ष जिन कठिनाइयों का उल्लेख किया गया था—सूखे के दो वर्ष और पाकिस्तान का हमला—इन कारणों के न हों हुए भी, एक साधारण वर्ष होते हुए भी, एक नॉर्मल ईयर होते हुए भी हमारे देश का व्यापारिक सन्तुलन बिगड़ा है।

जहां तक आयात का प्रश्न है, पिछले वर्ष यह कहा गया था कि आम आयात को हम रोकना चाहते हैं और अपने देश के निर्यात को बढ़ाना चाहते हैं। परन्तु उपाध्यक्ष महोदय, जहां 1966 में 1554.29 करोड़ रुपये की आयात हम ने दूसरे देशों से की थी, 1967 के अन्दर हम क्या देखते हैं—हमारी

आयात 1554.29 करोड़ रुपये से बढ़ कर 1856.64 करोड़ रुपये तक जा पहुंची है जिसका अर्थ यह है कि जिस चीज का हमने इलाज करने का प्रयत्न किया, उसका इलाज नहीं कर पाये। अपने देश का आयात बढ़ रहा है, लेकिन जो व्यापारिक सन्तुलन है, वह हमारे देश के बिफर होता जा रहा है।

मैं इस सिलसिले में चार पांच आइटमज की तरफ आपका ध्यान विशेष रूप से खींचना चाहता हूं। चाय के व्यापार में हम ने अपने देश का जो निर्यात है, उसमें उन्नति की है, लेकिन उस का कारण क्या है? उसका कारण यह है कि लंका का चाय का उत्पादन उतना नहीं हुआ जितना होना चाहिये था तथा मण्डियों की कीमतों की प्रतियोगिता में हम लोग उन से आगे निकल गये, इस कारण वे पीछे रह गये तथा हमारी चाय का निर्यात इस वर्ष अच्छा हुआ है, बढ़ा है। लेकिन मैं अपने वाणिज्य मंत्री का ध्यान इस बात की ओर दिलाना चाहता हूं कि हमेशा वह इस बात की अपेक्षा न करें कि लंका की स्थिति ओर चाय का उत्पादन उसी तरह रहेगा। अगर हमें उन के साथ प्रतियोगिता में आना है, अगर हमें दुनिया की मण्डियों में चाय के लिये जगह बनानी है तो मैं समझता हूं कि हमें इस दृष्टि से अपने देश की चाय के उत्पादन की ओर ध्यान देना होगा, इस की क्वालिटी की तरफ ध्यान देना होगा तथा दुनिया में नये बाजार ढूँढने होंगे, नई मार्केट्स तलाश करनी होंगी ताकि हमारी चाय का निर्यात इसी प्रकार उन्नति करता जाय।

श्री विनेश सिंह : उपाध्यक्ष महोदय, मैं माननीय सदस्य से निवेदन करना चाहता हूं कि जो आंकड़े उन्होंने पढ़े हैं, उन से सदन के सामने सही तस्वीर नहीं आई। जो आंकड़े यहाँ पर पिछले साल और इस साल के दिये हैं, यदि आप उन को देखेंगे तो आपको मालूम होगा कि आयात कम हुआ है तथा

निर्यात इस साल पिछले साल की अपेक्षा ज्यादा हुआ है . . .

श्री श्रीचन्द्र गोयल : मैंने आपकी किताब से ही आंकड़े पढ़ कर देखा है।

श्री विनेश सिंह : आपने प्रबन्धन का ख्याल नहीं किया, आपने डालर के भाव का विचार किया है।

श्री श्रीचन्द्र गोयल : डालर के हिसाब से कम पड़ता है।

उपाध्यक्ष महोदय, चाय के सम्बन्ध में मैंने निवेदन किया। उसी प्रकार मैं मछली उद्योग के सम्बन्ध में कहना चाहता हूं। मछलियों के लिये भी हमें दुनिया की मण्डियों में ज्यादा अच्छी मार्केट्स मिल सकती हैं। मछलियों का व्यापार बढ़ाने की दिशा में इस के निर्यात की दिशा में हमें ज्यादा गम्भीरता से विचार करना चाहिए, क्योंकि यह एक ऐसी वस्तु है जिसके लिये हमारा एक अच्छा भविष्य हो सकता है। यही स्थिति कहने की है। इन्जीनियरिंग के माल की भी हमें अच्छी मार्केट दिखाई दे रही है, इसलिये मैं चाहता हूं कि इस दिशा में भी हम लोग ज्यादा ध्यान दें। जिस चीज में हमारा व्यापार कम हुआ है—त्रे हैं चमड़े का माल, जूता, चप्पल आदि, मैगनीज अयस्क तथा सूती कपड़ा। सूती कपड़े का माल, इस साल वर्ष में 2 कराड़ 46 लाख वर्ग मीटर हमने संसार के देशों को कम भेजा है। कपड़ा उद्योग हमारे देश का एक बहुत उत्तम उद्योग है, लेकिन उसमें भी हम दुनिया के देशों को ढाई करोड़ वर्ग मीटर कम भेज पाये हैं इस दिशा में गम्भीरता से विचार करना होगा कि इस के क्या कारण हैं तथा उन कारणों को हटाने दूर करना होगा तथा दुनिया के देशों में इस के लिये हमें नई मार्केट्स तलाश करनी होंगी। आज जब हम व्यापार के आंकड़े देखते हैं तो पता चलता है कि हमारा व्यापार तीन चार मुल्कों के साथ है, अमरीका, ग्रेट ब्रिटेन, जापान और कुछ रूस के साथ है।

[श्री श्री चन्द गोयल]

लगभग 58 प्रतिशत हम राजी आयात है वह इनके साथ है। इसलिए मैं यह निवेदन करना चाहता हूँ कि हमें विशेषकर अफ्रीकी देशों और एशिया के देशों में मार्केट तलाश करनी होगी ताकि हमारे निर्यात के लिए प्रोत्साहन मिल सके।

एक बात मैं संयुक्त राष्ट्र व्यापार तथा विकास सम्मेलन के सम्बन्ध में कहना चाहता हूँ।

MR. DEPUTY-SPEAKER: I must caution the hon. Member; the second speaker of his Party will not get even two minutes.

SHRI SHRI CHAND GOEL: My Party has 20 minutes.

MR. DEPUTY-SPEAKER: No; 18 minutes. He has already taken 11 minutes. If he is continuing, it is alright, I have no objection, but the second speaker will not get any time.

श्री श्री चन्द गोयल : मैं एक मिनट में समाप्त कर रहा हूँ।

मैं ने पिछले वर्ष अपने वाणिज्य मंत्री को एक सुझाव दिया था कि यह जो संयुक्त राष्ट्र व्यापार तथा विकास सम्मेलन अपने देश के अन्दर होने जा रहा है वे उसका लाभ उठाये। दुनिया के विभिन्न देशों के प्रतिनिधि जो कि यहाँ पर आयेगे उनकी उपस्थिति का लाभ उठाकर उनसे कुछ व्यापारिक संधि करने का प्रयत्न करें। मैंने जो प्रश्न किया था उसका संतोषजनक उत्तर यहाँ पर नहीं दिया गया था। अब मैं पूछना चाहता हूँ कि विभिन्न देशों के प्रतिनिधियों की यहाँ पर उपस्थिति का लाभ उठाकर उन्होंने किन देशों के साथ व्यापारिक संधियाँ की है या समझौते किये हैं, जिन से कि भारत-वर्ष को लाभ पहुँच सकेगा। आज दिखाई तो यह देता है कि सम्मेलन का जो बड़ा उद्देश्य था कि दुनिया के पिछड़े हुए

देशों का जीवन स्तर और उनकी आर्थिक स्थिति का सुधारन के लिए पन उठाये जाय उस दृष्टि से यह सम्मेलन पूर्णतया असफल रहा है। मैं जानना चाहता हूँ कि जहाँ तक हमारे भारतवर्ष का सम्बन्ध है उस दृष्टि से हमन क्या लाभ उठाया है, इसका उत्तर मंत्री महोदया दें।

SHRI N. K. P. SALVE (Betul): The Commerce Ministry, *inter alia*, has been entrusted the control and supervision of export trade of our country. Any Ministry which carries and specially in a developing country, which carries the burden of its export trade, carries a very heavy responsibility, so far as its contribution to the country's economic growth and economic prosperity is concerned. I may submit that, the responsibility of the Commerce Ministry is delicate and important because the success in organizing exports of the country is an indicium of the successful culmination of the entire economic pursuits of the country as a whole. If one were to collate and critically examine the trends of foreign trade in the last decade or so, one would find that the position is rather disconcerting. One would find that the situation has been very unhappy, because gradually year after year we are being edged out in respect of our traditional exports to world market in terms of percentage. What we are now supplying to the world market; in many of the traditional items of export for which we once enjoyed either monopoly or near monopoly, are receding and gradually these exports are getting out of our hands. Although the quantum of goods and the value have increased, the percentage of exports of traditional items, as compared to world exports, is fast decreasing; in fact, the export of tea, jute, manganese ore, hides, skins, oilseeds and even textiles in the recent years is declining in terms of percentage. The export of tea,

which used to be above 65 or 70 per cent once upon a time, has receded to less than 47 per cent. This is a very unhappy trend, and a bold and a very determined bid is necessary to order a halt to this most dangerous trend in our foreign trade. Even otherwise, the overall position of the foreign trade in the preceding decade has been rather distressing. We have had continuously deficit balance of trade; from 1961-62 to 1963-64, we had a deficit aggregating to Rs. 425 to Rs. 430 crores, and in 1964-65 it rose to above Rs. 500 crores. In 1965-66 it increased to Rs. 600 crores and in 1966-67 it rose to Rs. 773 crores. This is an unfortunate and lamentable story, I must submit, of our failure to grapple with the challenge of competition in the world and international market. As a result of this rather unsatisfactory export performance, we have been facing a continuous and chronic shortage of foreign exchange so necessary and so vital for our plans and so vital for our industrial needs. It reached an abyss depth of crisis when we could sustain it no longer, and on the 6th June, 1966, had to devalue our currency. Now, countries are forced to adopt devaluation to pay penalty for having followed faulty monetary policies and for having tolerated too much of economic indiscipline in their country. When we had brought about this devaluation our foreign exchange reserves had sunk so low that we had hardly any funds to repay our foreign debts; we wanted the foreign agencies which had given us credit to reschedule the repayment of the debts which had fallen due, and we also wanted some more foreign exchange earnings for our industries and for our plans. In fact, as a last resort, and under the most distressing circumstances, we had to recourse to devaluation. We were to'd that devaluation was accepted as a lesser evil to wriggle out of the morass in which the country was writhing.

17.45 hrs.

[SHRI G. S. DHILLON in the Chair]

On devaluation so many people have spoken so much and given unprovoked pedantic lucubration and discourses that I am hardly anxious to rush like so many others where the angles might have feared to tread. But even then, there are some aspects of this matter which are important. Even today if we are to reconsider the entire aspect and view it in proper perspective, we may be able to adopt some steps which will help us boost our exports. That is why I would like to make some sub-missions in this connection.

It might be useful to critically examine and consider some of the salient features and the vigorous steps which some other countries that had effected devaluation had taken, and as a result of devaluation they had reaped a rich harvest. It is necessary to see what the conditions precedent and what conditions subsequent prevailed as a *sine qua non* indispensable conditions, to make devaluation a success.

One may look usefully to what happened in England. England devalued by 31 per cent her pound sterling, on 8th September, 1949. At that time, the British goods had become very lightly uncompetitive in the world markets, because at that time Britain was saturated and dripping with inflationary trends. Thereafter, consequent on devaluation in Britain, with a view to bringing about greater monetary discipline, Britain geared up her investment to a higher pitch, and insisted persistently upon a reduction in the cost of production by various means. Now comes the most important aspect, namely, she further imposed serious restrictions, pegging her imports at 80 per cent of the 1938 figures. The result was very spectacular. The dollar deficit of the sterling area running at the quarterly rate of 1000 million dollars in 1947 and 420

[Shri N. K. P. Salve]

million dollars in 1948 turned into a neat surplus of 40 million dollars by the first quarter of 1950; the balance of trade position improved considerably in 1949-50. But it is unfortunate that the Britishers relaxed a little too early. Thereafter, Britain which is known to have stood bravely great distress and which is known to have shown the utmost sense of discipline in the worst days of its peril relaxed a little too early. The result was inevitable. In 1951, the deficit started anew and again the exports fell down. The Britain's case, was thereafter a very sordid story of human weaknesses prevailing over the dictates of reason and rationale.

But then we have the French devaluation which we may study with very great benefits. I consider the French devaluation as a miracle of economic wisdom and sane thinking. France first devalued her franc by 20 per cent on the 10th August, 1957. They did not take any vigorous steps either as conditions precedent or as conditions subsequent to devaluation for bringing about a boost in the exports and, therefore, it did not succeed. But thereafter, again, on the 28th December, 1958, France once again introduced a new franc, a devalued new franc, and this time when the new franc was introduced, they took very important steps which had a far-reaching effect on her monetary, fiscal credit and trade policies. They made very large scale arrangements for mobilising and augmenting internal and external resources with a view to stabilising the franc itself.

In consequence, the results were most spectacular. Exports doubled from 1215 million francs in 1958 to 2319 million francs in 1959 and imports from the USA into France fell from 2300 million francs to 2119 million francs. From a colossal deficit of 1092 million francs, a trade surplus of 200 million francs was achieved.

This was not achieved purely as a result of devaluation. Devaluation was only one of the measures which France adopted to bring about this achievement.

It would be worthwhile for me to quote a paragraph from a paper which was read in a seminar conducted by the Indian Merchants' Chamber at Bombay entitled 'Challenge of Devaluation' where the author has enumerated the very vigorous steps taken by France to make devaluation a real success. It is not possible for a country to just devalue its currency and expect that the graph of exports will rise. It must mobilise all its resources, internal and external, to bring about discipline and stability in its monetary system.

I quote from the paper:

"Such a remarkable turn of events took place on account of several reasons. First, her exports coming from a partner of the EEC enjoyed a marked preference in member countries. Secondly, her traditional ties with her colonies enabled her to buy her imports cheaper and push up her exports further. Thirdly, the USA was equally interested in enabling France to stabilise her economy because of the former's heavy investment in that country. Fourthly, her devaluation or her attempts to stabilise franc were backed by massive aid provided by various international agencies. For instance, the OEEC channelled \$250 million through European Payments Union for extending France's settlement facilities; IMF gave \$131.25 million of additional stand by credits and US \$ 274 million by way of deferring the repayment of various loans and credits. The Central Banks of UK, West Germany, the Netherlands and Belgium and the Bank for International Settlements also extended credits of

the order of \$ 250 million and finally 21 American banks granted a standby credit of \$ 200 million in 1959. These were, of course, supplemented by 250 tons of gold lent by the Bank of France to the Exchange Stabilisation Fund of the country and the other advances that it made in the form of free franc to the Treasury. She also succeeded in holding the indices of wholesale and consumer prices down as compared to those prevailing prior to devaluation. Her credit control policy following the devaluation was so effective as to cushion the effect of devaluation or domestic prices. The prices of her exports fell but fortunately for her the prices of imports also fell as production expanded faster in Europe. Hence there was no deterioration in her terms of trade following devaluation and a Pinay-Rueff economic miracle proved to be completely successful".

As against this, what did we do? Did we bargain with foreign agencies to give us any aid. Even the modicum of care was not taken for reschedule the debt repayments.

One may usefully look at the events connected with devaluation in Yugoslavia. Yugoslavia devalued its Dinar in 1952 and followed other monetary reforms in 1961. In the meanwhile, Yugoslavia so masterly handled the entire market mechanism, so ruthlessly disciplined the entire internal economy, starved its own people of consumer goods but made colossal improvement in the quality and cost of production of exportable goods. What Yugoslavia achieved is again a miracle of economic recovery. A student of economics is amazed to find on studying the trends of economic events in Yugoslavia how well-planned, well-conceived and mature decisions of Government and its intervention in the market mechanism can bring about unimaginable benefits and

advantages in the process of achieving prosperity through centralised planning.

There is one more aspect of devaluation to which I should like to refer, because even now it is not too late for Government to improve matters. It was a very ill-conceived measure that was put into operation that soon after devaluation the various concessions given under the export incentive scheme were withdrawn. An export duty was relieved indiscriminately which, I submit, was a very unwise step. In fact, if the figures were properly analysed, one would find that the withdrawal of the various concessions which had been given under the export incentive scheme had greater adverse effect than the benefits which came about as a result of devaluation. The devaluation of 57 and odd per cent gave an advantage in the sale price to India. But in most of the cases the curtailment of the benefits which had been given under the export incentive schemes was much larger. On the one hand we want to boost our exports by devaluation; on the other hand we withdrew the benefits which were larger and which should have been continued. I think that we try to put our car in the forward and the reverse gear at one and the same time. The result was that the car goes in the reverse gear. I submit that it is necessary for us even now to consider how we should reorient our entire trade, fiscal, monetary and credit policies to give a real boost to our exports. We must restore liberal and massive incentives for exporters and completely abolish export duty at least on tea and low grade iron ore, and black ore. Otherwise these two commodities will be completely out of world market at not too distant a future.

MR. CHAIRMAN: You forget the request I made to you earlier when you were speaking sometime ago. Kindly make reference to your notes occasionally.

SHRI N. K. P. SALVE: I refer to the minimum. There are two difficulties. One is, we have to condense so much in so little time, and give figures.

SHRI D. C. SHARMA (Gurdaspur): These are good points. Why don't you let him continue?

MR. CHAIRMAN: The gentleman is advocating a course which is against our Rules of Procedure. He may kindly avoid reading the whole speech but make some occasional references.

SHRI N. K. P. SALVE: I submit, therefore, that we should have taken certain steps which we did not take after devaluation and which were necessary for us to take. We should therefore now with the help of trade and experts in the Government, undertake as far as possible excluding the ICS officers, study of the entire export problem to evolve export policies on a long-term perspective. This committee should recommend operative guide-lines to regulate our export trade.

I now come to the case of iron ore. Goa has been exporting low grade iron ore which is a very-difficult-to-sell item. This trade is on its last legs. Soon after devaluation, a very irrational export duty had been levied on it though it was somewhat rationalised in 1967. As a result of such rationalisation, there was a marginal relief. It is necessary that this export duty on iron ore should be completely abolished. Otherwise, the export of iron ore will shortly come to nil.

The manganese trade is in terrible doldrums. The overall consumption of manganese is increasing in the world. Once we enjoyed a monopoly in the export of manganese in the world market. Today we are in a very unfortunate position. From a study of figures I find that in the past we used to export *inter alia* to Japan, USA, UK, Netherlands, Norway, France, Germany, Spain, Swe-

den and Denmark. But the statistics in 1965-66 and 1966-67 reflect a downward trend in our exports to these countries; especially, to Spain, Sweden, Denmark and France to whom exported about 75,000 tonnes in 1965 but in 1967 it has come down to nil. The same is the position with regard to ferro-manganese trade. The exports are fast receding. The reason is not far to seek. Unfortunately, the MMTC through whom the exports are channelised could not display any aggressive salesmanship as such. It comprises men at the top who are trained in the bureaucratic traditions and they are just not able to understand how to organise aggressive and revolutionary salesmanship. It is impossible for this organisation to go to foreign countries and build up sales. It is unfortunate that the hon. Commerce Minister who is known for his dynamic, realistic and pragmatic approach tolerates all this. How he is able to put up with this lethargy I am unable to understand.

18 hrs.

Sir, a word about the UNCTAD. The UNCTAD, as has been stated by all the Members, so far as India is concerned was a success for it was well-organised. A tribute must be paid to the great endeavours of the Commerce Minister and I must congratulate the Minister, that he did not entrust the organisation of UNCTAD to MMTC or the STC on one and a half per cent commission, for in such case the entire United Nations might have been liquidated.

One more aspect and I have done. I shall finish in a minute. In our export trade, it is necessary for us to ensure that we exercise a very effective control on the quality of our exported goods. We have been lagging behind in this. In this connection, to illustrate how careful we should be about the exports, I should like to draw the attention of the hon. Commerce Minister to what Kautilya in

his *Arthashastra* has observed. While giving instructions to the King as to how maintain the harem he has said at one place about thorough examination of goods. I know the Commerce Ministry cannot maintain a harem today but it must inspect the quality of exportable goods.

MR. CHAIRMAN: Please conclude.

SHRI N. K. P. SALVE: It is very important. I am concluding. This is what Kautilya has said about the inspection of goods going into the harem.

"Passage of all kinds of commodities from or into the harem shall be restricted and shall, after careful examination, be allowed to reach their destination either inside or outside the harem as indicated by the seal-mark (mud-ras)."

MR. CHAIRMAN: Please conclude.

SHRI N. K. P. SALVE: I am grateful for your indulgence and intervention. I am finishing. Let there be a mark of quality in everything that goes out and everything that comes in to our country.

MR. CHAIRMAN: Hon. Members, may now move the cut motions to Demands for Grants relating to the Ministry of Commerce, subject to their being otherwise admissible.

SHRI P. VISWAMBHARAN (Tiruvandrum): I beg to move:

"That the demand under the head Foreign Trade be reduced to Re. 1."

[Fall in Export Trade. (13)]

"That the demand under the head Other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Need to take effective steps for the development of the coir industry. (17)].

"That the demand under the head Other Revenue Expenditure

of the Ministry of Commerce be reduced by Rs. 100."

[Need to take more effective steps for the development of the handloom industry. (18)].

"That the demand under the head Other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Need to eradicate corruption in the State Trading Corporation. (19)].

"That the demand under the head Capital Outlay of the Ministry of Commerce be reduced to Re. 1."

[Slow progress of the free trade zone at Kandla. (23)].

SHRI K. RAMANI (Coimbatore): I beg to move:

"That the demand under the head Foreign Trade be reduced by Rs. 100."

[Failure to earn more foreign exchange after devaluation. (43)].

"That the demand under the head Foreign Trade be reduced by Rs. 100."

[Failure to fulfil the export target fixed for textiles and consequent crisis in the textile industry. (44)].

"That the demand under the head Foreign Trade be reduced by Rs. 100."

[False hope given to the people that devaluation will help for more export and earn more foreign exchange. (45)].

"That the demand under the head Foreign Trade be reduced by Rs. 100."

[Fall in export of jute textiles and crisis in the jute industry. (46)].

"That the demand under the head Foreign Trade be reduced by Rs. 100."

[Shri K. Ramani]

[Failure to nationalise the export and import trade in the interest of the people and stop black marketing. (47)]

SHRI SURENDRANATH DWIVEDY (Kendrapara): I beg to move:

"That the demand under the head Other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Failure to take steps to set up a jute mill in Orissa. (53)].

SHRI K. RAMANI: I beg to move:

"That the demand under the head Other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Failure to fulfil the promise to give financial assistance to take over closed textile mills in the Madras State. (56)].

"That the demand under the head Other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Upward revision of the cloth and yarn prices several times by the Government in the last year to give more concession to the mill-owners and not giving concession to the consumers. (57)].

"That the demand under the head Capital Outlay of the Ministry of Commerce be reduced by Rs. 100."

[Failure to take over the closed Ranga Vilas Mills in Coimbatore District of Madras State. (62)].

"That the demand under the head Capital Outlay of the Ministry of Commerce be reduced by Rs. 100."

[Failure to take over the closed Kalees Waran Mills in Coimbatore District of Madras State. (63)].

"That the demand under the head Capital Outlay of the Ministry of Commerce be reduced by Rs. 100."

[Failure to take over the closed Vasudeva Industries Mills in the Coimbatore District of Madras State. (64)].

"That the demand under the head Capital Outlay of the Ministry of Commerce be reduced by Rs. 100."

[Failure to take over the closed Com-bodia Mills in Singanallur Coimbatore District, Madras State. (65)].

"That the demand under the head Capital Outlay of the Ministry of Commerce be reduced by Rs. 100."

[Failure to take over the closed Palamalai Ranganathan Mills in Coimbatore District, Madras State. (66)].

SHRI VASUDEVAN NAIR (Peer-made): I beg to move:

"That the demand under the head Ministry of Commerce be reduced to Re. 1."

[Failure in following a strict policy of self-reliance and import substitution. (67)].

"That the demand under the head Ministry of Commerce be reduced to Re. 1."

[Failure in successfully orientating and diversifying our trade relations with the countries of the Socialist camp and Afro-Asian and Latin American countries. (68)].

"That the demand under the head Ministry of Commerce be reduced to Re. 1."

[Failure in effectively fighting against the discriminatory trade policies of the imperialist countries as evidenced in UNCTAD-II. (69)].

"That the demand under the head Ministry of Commerce be reduced to Re. 1."

[Failure to enlarge the scope and activities of S.T.C. (70)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Failure in providing even the notified price of natural rubber to the rubber growers. (72)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Indiscriminate import of natural rubber last year resulting in untold suffering for indigenous growers. (73)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Failure in totally avoiding imports of non-essential commodities. (74)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Failure in taking over sick and closed textile mills. (75)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Failure in boosting exports after devaluation. (76)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Failure in protecting several of our export commodities like coir and coir products following devaluation of the sterling. (77)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Problem facing the cashew industry. (78)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Problem facing the seafoods industry. (79)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Failure in solving the crisis in the handloom industry. (80)].

"That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Failure in solving the crisis in the coir industry. (81)].

"That the demand under the head Foreign Trade be reduced to Re. 1."

[Failure to nationalise import export trade. (82)].

"That the demand under the head Foreign Trade be reduced by Rs. 100."

[Failure in checking and stopping the evil practice of under-invoicing and over-invoicing. (83)].

"That the demand under the head Foreign Trade be reduced by Rs. 100."

[Failure in preventing the export of sub-standard goods. (84)].

MR. CHAIRMAN: The Cut Motions are also now before the House.

SHRI S. KANDAPPAN (Mettur): Mr. Chairman. Sir, I would like to make a few observations about the chronic problem with regard to the handlooms, which we are facing in this country, particularly in my region. Ever since Independence, the problem has become more and more acute. The Government had some forward to offer some ad hoc relief and piecemeal help and all that has not helped the industry in anyway. Even recently, I read in the papers that the All-India Handloom Board which met at Bombay have decided to give some rebate in order to alleviate the situation of the handloom weavers. So, the plight of the handloom weavers is this: on the one side, there is this growing powerloom industry in our country, and on the other side, the mill industry is already there well-established. Apart from the competition in the market, both for powerloom and the mill sector for their raw material, the price

[Shri S. Kandappan]

of yarn is so undependable and they often find themselves in difficulties because of the high price of yarn. Either due to the Governmental policies or due to the shortage of yarn or due to the price of cotton or whatever reason, it affects the poor handloom weaver very much in this country.

I would like to submit that about five to six million people are dependent on this industry. I really do not know whether this industry can very well survive. But still, the present position is, the immense human labour that is involved in this sector, and the question is how to rehabilitate them and how to give them a remunerative income in this industry. In this regard I would like to make a few concrete suggestions. Because the time is limited, I do not think any useful purpose will be served if I go on blaming the Centre or the policy of the State Government that was there before we assumed office. By and large, the problems of the handloom sector which were there before the fourth general elections have become aggravated now. About the introduction of the powerloom, the Congress ministry in Madras was reluctant to do it, because it would throw out of employment the handloom weavers. We are almost facing the same situation today. So, instead of blaming anybody, I would give same concrete suggestions and I would request the minister to give his best attention to these suggestions.

They have got the All India Handloom Board situated in Bombay. I think it was started in October, 1952. I do not know what prompted the Government to locate it there, because Madras and its surrounding areas have predominantly handloom weavers and there is a feeling among them that perhaps the Bombay people would have the least interest in promoting the interests of handloom. I am speaking subject to correction. This is the feeling in the south and one of my colleagues has given a cut motion to the effect that the board

should be shifted to Madras. Let Government probe into it. If it is advisable to keep it in Bombay, I have no quarrel; but if they think that the working of the board and the morale of the industry can be improved by shifting it to Madras, it is high time this was done. They do have an Export Promotion Council at Madras. I would like to plead with the Government that this council should have more powers and funds at their disposal and they should take up more work than what they are entrusted with now.

On page 12 of the report of the Commerce Ministry it is said:

The exports of handloom cloth fell due to shrinkage in its demand in Nepal, Ceylon, U.S.A., Malaysia, U.K. and Nigeria. High prices and stiff competition from Japan, Hong Kong, Pakistan and China and our inability to quickly shift to export-oriented production were responsible for the decline in export earnings from handloom cloth.

What steps have they really taken to see that our textile goods are competitive in the world market? Even with this Handloom Board and the Export Promotion Council, how is it that we are unable to reorient ourselves to the consumer needs of our traditional markets abroad? I suggest that a cell should be created to observe the consumer tendencies in our traditional markets, to see the design, etc. Then let them introduce these things and propagate these kinds of fabrics in the handloom sector in our country. After all, this is a well-established and traditional industry in this country. I am sure our handloom weavers are competent to compete in the world market, provided they are given adequate facilities. This is a very serious matter and I do urge on the Government to create a cell to promote these activities. That would be one solution.

About the price factor, one thing that affects the handloom weavers is the price of yarn. The minister knows that there is a glut in the yarn market and the so-called crisis in the mills are due to that glut, particularly in the southern region. The minister should see to it that there is a permanent machinery to purchase yarn and build up a buffer stock for the purpose of handloom weavers, so that when and where there is a scarcity and there is high price in the market, they can go to the help of the weavers. That would also help them to a very great extent to reduce the cost price of their product.

In addition to these two suggestions, of course, I have to say that our foreign publicity is far from satisfactory and there have been some complaints about that. So, the Government would have to gear up its publicity machinery in the traditional markets for our fabrics.

Then I would like to make another request in this regard. A suggestion was made some time ago during the handloom week in Madras that the people employed in the organised wing of the handloom sector should be given an opportunity to go to the foreign countries in order to promote the sale of the fabrics. I request that this request from the handloom sector should be considered favourably by the Government and they should be given all facilities to go abroad so that they could promote sales in those countries where they have already been selling their fabrics.

Coming to the production and export of tea, there is a very curious passage on page 54 of the Report:

"Total production of tea during 1967 was 379.8 million kg. as against 384.8 million kg. during 1966. There has so far been an increase of 5.00 million kg. during 1967."

According to the figures, it is a decrease of 5 million kg. I wish at least the accounts in the Commerce Ministry are better maintained.

Leaving that apart, I would like to say that Madras has taken up a very ambitious programme to have tea plantations in that State and the hon. Minister is aware of that. With the arrival of repatriates from Ceylon there is necessary for us to rehabilitate them in the existing tea and rubber plantations and also by bringing more areas under tea and rubber plantations in the State. So, I would request the Minister to see that whatever assistance is possible is given by the Tea Board and the Central Government to promote this industry in that State.

Here I would like to make one plea. At present the office of the Tea Board is located in Calcutta. Since the operations of the Tea Board are comprehensive and cover a very wide area, it will be better if it has branches in different areas to look after its work. There can be one such branch in the southern region and, if need be, another one in the northern region. This can be considered by Government and measures taken to implement it.

Then I would like to invite the attention of Government to one problem. Some time back, during the tenure of his predecessor, I had asked a question in this House about the rubber and tea plantations in Andamans and I was told that they were very vigorously pursuing the matter. But I find to my regret that they have not pursued the matter at all. I had been to Andamans a few years back when I found a rubber plantation there is a very neglected condition. The local people told me that rubber can very well be grown there and very fruitful plantations can be raised there.

I was also told that a sort of research was conducted over the feasibility of growing tea there and it was

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found to be quite successful but no action was initiated for growing tea on a commercial scale there. Actually I was given to understand by the then Commerce Minister, when I put a question to him, that they were going to undertake commercial exploitation of the possibility in the Andamans. I wish the present Minister would pursue this matter further.

Then I would like to revert to the cotton textiles business which is closely connected with the production of cotton and all that. I would like to make a few observations on that. Now there is a crisis in the textile industry and the Minister is quite aware of it. I, along with a few Members of Parliament, met him. There is a proposal to close down some of the spinning mills in Coimbatore and other places. The Government is trying hard to solve it. I am appreciative of the interest that the Government is taking in this matter. I would like to urge them to see to it that on no account the spinning mills, or for that matter any other mill, is closed because then there would be the acute problem of labour in that part of the country. If there is accumulated yarn which is beyond the capacity of the mills, I think, it is better for the Government to step in and purchase that yarn outright so that either they can market it outside if they get a market or they can build a buffer stock so that during the time of emergency they can avail of that.

Another very important thing is the cotton prices. I am very happy that the Government is at least consistent in the past one or two years with regard to the maintenance of the price level of cotton. On page 70 of their report they have said this:

"On the other hand, to provide an assurance to the farmer, minimum support prices for cotton were fixed at 5—10 per cent over the corresponding floor prices in the previous year. It was dec-

lared that Government would be prepared to buy whatever quantities of cotton were offered for sale at those prices."

This is a good decision, but how are they going to implement it? What is the machinery to make the farmers understand that there is a floor price at which the Government is prepared to purchase when they are in difficulties? I am saying this because now in certain parts of the country it is likely that there would be a bumper crop. If the bumper crop comes into the market, there will naturally be manipulations and the unscrupulous merchants would exploit that opportunity. The farmers do not know whether there is a floor price, what is the machinery, where to go, where to sell and all these kind of things. When Government has taken such a decision, I would request that immediately, without any further delay, it should be communicated to the State and there should be some machinery to make the farmers understand that the Government is there to help them if the prices fall below that. Also, the machinery should be instructed and activated that in case the floor price is not available to the farmer at the time of the bumper crop, he must be provided and his product must be purchased outright.

Before I conclude I would like to say one thing. People say that it may not be possible to stop the import of cotton altogether because we may need superfine variety for blending and all that. Still, I would say that we should try to restrict it and see that only the minimum amount of cotton is imported into this country. There is enough potential in the country for us to grow cotton by way of increasing acreage and also production per acre. Let the Government think on those lines to improve the situation.

May I say a word about UNCTAD because everybody was saying about UNCTAD? I do not want to say anything about UNCTAD as it is not compulsory that I should say something about UNCTAD. But still I would like to say one thing. When we say that our position with regard to foreign exchange is very delicate, that we are not in a happy position and also that we are going around begging and all that, immediately the Government spokesmen object to it very strongly. I say that after 20 to 25 years, actually, our position has not been strengthened where it should have been strengthened, taking into consideration the geography and the availability of water, weather, etc., for example, I can say about groundnut, cotton and many other crops where we could have increased the yield, we could have promoted our exports and we could have maintained a very comfortable balance of foreign exchange. But they have failed in that.

I would just conclude by quoting one ancient poem. I will not quote it in Tamil but I will just give the meaning of it. That was in different connection but still it is applicable here. It says:

"To cringe for alms is degrading,
to refuse to give it is even more degrading,
to donate a thing is exhilarating,
to refuse to take it is even more exhilarating."

That is the tradition of this land.

Let us live upto the level and raise our standard instead of going around with the begging bowl.

SHRI P. K. GHOSH (Ranchi): Mr. Chairman, Sir, I am thankful to you for giving me an opportunity to speak on the Demands for Grants of the Ministry of Commerce.

We see that while our imports are going up, our exports are not catching

upto the mark. The balance of trade is increasing day by day. I would like to give figures here. The imports in 1966 were to the tune of Rs. 1,554.29 crores and in 1967, they were to the tune of Rs. 1,856 crores which is the figure for 11 months and it will be more if the figure for 12 months is taken. Then, the exports in 1966 were to the tune of Rs. 887.03 crores and in 1967, they were to the tune of Rs. 1,114.73 crores. The balance of trade in 1966 was Rs. 667.26 crores and in 1967, it was Rs. 752 crores.

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI MOHD. SHAFI QURESHI): May I know from where is he quoting?

SHRI P. K. GHOSH: It is from the Report of the Commerce Ministry, p. 10. That shows that our balance of trade which should have been decreasing day by day is increasing.

SHRI DINESH SINGH: It is the same point that I made out before. There is the devaluation of the rupee. If you take that into account, it has not decreased.

SHRI P. K. GHOSH: Let us hope that it will improve for the better. Exports have increased, but my point is that they have not increased to the extent that the imports have increased. Imports have increased by Rs. 302 crores, while the exports have increased by Rs. 216 crores. Exports have increased; I do not say that they have not, but the balance of trade is also increasing. That is our concern. The maximum bungling is going on in the import-export trade. We find that there are Established Importers; the big people are getting more import licences; the big industries are getting licences for 94 per cent of the raw materials, while the small industries are getting only for 6 per cent. This is the case with regard to Established Importers. But the small importers, the new-comers, do not get much. The Established Importers are getting

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import licences to a large extent. Why should we have these Established Importers? Are we going to perpetuate the Zamindari system? This is Zamindari system in the import trade. I would, therefore, suggest that the international trade should be nationalised; the nationalisation of the international trade will give a large income to the national exchequer, it will lower down the imports and will boost up the exports; we will be able to eliminate the menace of over-invoicing and under-invoicing; we will be able to stop smuggling and misuse of export incentive schemes.

In the import trade, we have created a set of privileged persons—import licence holders; they are privileged persons; we are allowing them to make 400 to 500 per cent profit by giving them import licences. There being no control on the imported articles as well as on the goods manufactured out of the imported raw materials, these people charge the highest that the market can bear. For instance, if the price of a commodity is Rs. 2 and if the market can bear Rs. 8, they will charge Rs. 8, they will not charge even one paise less than Rs. 8. I would, therefore, suggest that a government agency should import completely, should take over the import and export trade; they should import the commodities and sell them in lots. By this, our public will not be put to difficulties because the price will not go up that much; at present the importers are charging almost 400 to 500 per cent profit. For instance, if a commodity costs Rs. 2, the Government will be able to sell it for Rs. 6 by auction, but the business community will be selling it for Rs. 8, as it is being sold today.

Likewise, I am against the appointment of permanent selling agents by the SIC. This is perpetuating the Zamindari system....

MR. CHAIRMAN: The hon. Member may continue tomorrow. Now we have to take up the half-an-hour discussion.

18.30 hrs.

*MAHAJAN COMMISSION REPORT

MR. CHAIRMAN: Mr. E. K. Nayanar.

SHRI K. LAKKAPPA (Tumkur): Before taking up the half-an-hour discussion, I would like to make a submission. We are representing Mysore and Mysore members have requested the Chair to allow them to put questions. I do not know whether this has been allowed. I will request you, Sir, to allow us to put questions because we are very much interested in this. This is a special request that I would like to make.

MR. CHAIRMAN: He has already allowed.

SHRI J. MOHAMED IMAM (Chitradurga): No Mysore Member had secured the ballot, but the Speaker allowed me as a special case to put question. This concerns the States of Mysore and Maharashtra primarily.

SHRI S. KANDAPPAN (Mettur): You may kindly read out the names of the Members who have secured the ballot.

MR. CHAIRMAN: This rule is repeated every day and yet these requests are made every time and it has rather become the order of the day. Anyway, those rules were framed by hon. Members themselves.

SHRI K. LAKKAPPA: We make this request only at times, not every day.