

course of payment during the year ending the 31st March, 1971. in respect of 'Multipurpose River Schemes"

DEMANDS NO. 66—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF IRRIGATION AND POWER

"That a sum not exceeding Rs. 8,49,88,000 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, 1971, in respect of 'Other Revenue Expenditure of the Ministry of Irrigation and Power'."

DEMAND NO. 125—CAPITAL OUTLAY ON MULTIPURPOSE RIVER SCHEMES

"That a sum not exceeding Rs. 16,71,43,000 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, 1971, in respect of 'Capital Outlay on Multipurpose River Schemes'."

DEMAND NO. 126—OTHER CAPITAL OUTLAY OF THE MINISTRY OF IRRIGATION AND POWER

"That a sum not exceeding Rs. 21,27,25,000 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, 1971, in respect of 'Other Capital Outlay of the Ministry of Irrigation and Power'."

18.07 hrs.

MINISTRY OF FOREIGN TRADE

MR. CHAIRMAN : The House will now take up discussion and voting on Demand Nos. 34 to 36 and 117 relating to the Ministry of Foreign Trade for which 4 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 5 minutes indicating the serial numbers of the cut motions they would like to move.

DEMAND NO. 34—MINISTRY OF FOREIGN TRADE

MR. CHAIRMAN : Motion moved :

That a sum not exceeding Rs. 44,17,000 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, 1971 in respect of Ministry of Foreign Trade.

DEMAND NO. 35—FOREIGN TRADE

MR. CHAIRMAN : Motion moved :

"That a sum not exceeding Rs. 70,65,55,000 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, 1971, in respect of 'Foreign Trade'."

DEMAND NO. 36—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF FOREIGN TRADE

MR. CHAIRMAN : Motion moved :

"That a sum not exceeding Rs. 6,39,70,000 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, 1971, in respect of 'Other Revenue Expenditure of the Ministry of Foreign Trade'."

DEMAND NO. 117—CAPITAL OUTLAY OF THE MINISTRY OF FOREIGN TRADE

MR. CHAIRMAN : Motion moved :

"That a sum not exceeding Rs. 21,97,000 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, 1971, in respect of the 'Capital Outlay of the Ministry of Foreign Trade'."

MR. CHAIRMAN : Hon'ble Member may now move the cut Motions.

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

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

[Failure to check the decline in the export of coir and coir goods. (3)]

[Shri P. Visvambharan]

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

[Need to accept the Rs. 15 crore scheme submitted by the Government of Kerala for the development of Coir Industry in that State as a Centrally sponsored scheme. (4)]

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

[Need to reduce the licence fee for retting of cocoanut husk. (5)]

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

[Need to introduce price control for green cocoanut husk. (6)]

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

[Need to abolish export duty on coir yarn. (7)]

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

[Need to introduce new export incentive schemes for coir goods. (8)]

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

[Need to introduce export incentive schemes for export of marine products. (9)]

SHRI YASHWANT SINGH KUSHWAH (Bhind) : I beg to move :

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

[In efficient working of the Ministry of Foreign Trade. (11)]

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

[Insistence on not increasing trade relations with Israel. (12)]

SHRI YASHPAL SINGH (Dehra Dun) : I beg to move :

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

[Failure to ban the export of skins of cows, buffaloes and calves. (14)]

SHRI BENI SHANKER SHARMA (Banka) : I beg to move :

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

[Need for directing our export trade to developing African and other Asian countries. (21)]

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

[Need to stop the import of Cotton from foreign countries. (22)]

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

[Need for abolition or substantial reduction of export duty on Jute Carpet-backings to enable it to compete with Pakistan and the influx of synthetics. (23)]

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

[Failure to modernise the Jute Mills in West Bengal. (24)]

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

[Need for devising ways and means to maintain the lead of our Jute industry in the export market. (25)]

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

[Failure to merge sick and weak cotton mills with other mills to ensure full production. (26)]

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

[Need to abolish export duty on tea. (27)]

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

[Failure to boost the export of Indian handicraft and handloom products for which there is a potential market in foreign countries. (28)]

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

[Need to boost the export of silk cloth. (29)]

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

[Export of mica on Rupee payment basis. (30)]

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

[Failure to reduce the import of copper. (31)]

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

[Failure to increase the export of tobacco specially of Andhra variety, the stock whereof is accumulating. (32)]

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

[Need of stimulating and encouraging export of engineering goods, specially to undeveloped and developing countries. (33)]

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

[Need to find more foreign markets for our surplus sugar. (34)]

SHRI LAKHAN LAL KAPOOR (Kishan ganj) : I beg to move :

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

[Failure to increase export of jute, tea, tobacco, marine products and cashewnuts. (35)]

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

[Failure to amalgamate various export councils and export organisations into one Board. (36)]

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

[Failure to appoint a single Advisory Committee to advise the various Corporations. (37)]

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

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

[Failure to energetically pursue the policy of import substitution to save valuable foreign exchange. (38)]

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

[Failure to taking any effective steps against the evil practices of over invoicing and under invoicing. (39)]

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

[Failure to really diversify trade to new areas from traditional areas. (40)]

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

[Failure to develop better trade with newly liberated Asian, African and Latin American countries. (41)]

"That the Demand under the head Ministry of Foreign Trade be reduced to Re. 1."

[Failure to evolve a bold policy of meeting the challenge of some of the developed countries by way of imposition of custom barriers and other discriminatory practices. (42)]

"That the Demand under the head Ministry of Foreign Trade be reduced to Re. 1."

[Failure to implement the policy of nationalisation of import export trade. (43)]

SHRI OM PRAKASH TYAGI (Moradabad) : I be to move :

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Shri Om Prakash Tyagi]

[Absence of control on goods imported by S.T.C. (44)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Failure to ban export of cow and calf leather. (45)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Indifference towards increasing trade relations with Israel and Taiwan. (46)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Failure to check extravagance of S.T.C. officials. (47)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Failure to introduce Indian goods in South American and African countries. (48)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Failure to improve the quality of Indian exportable products and popularise them abroad. (49)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Absence of arrangement to advertise and exhibit Indian products abroad. (50)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Mistake of limiting India's export trade to U.S.S.R. and a few other countries. (51)]

SHRI LAKHAN LAL KAPOOR : I be to move :

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Failure to promote exports expeditiously. (52)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Failure to provide adequate facilities for increased export production. (53)]

"That the Demand under the head Ministry of Foreign Trade be reduced by Rs. 100."

[Need to re-vitalise the Export Promotion Service. (54)]

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

[Slow and inefficient working of the office of the Chief Controller of Imports and Exports at New Delhi. (55)]

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

[Need to further bifurcate the Ministry of Foreign Trade. (56)]

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

[Need to establish more Commodity Boards. (57)]

SHRI VASUDEVAN NAIR : I beg to move :

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

[Need to reduce the freight rates for manufactured coir goods. (58)]

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

[Need to overcome the discriminatory custom barriers imposed by the countries of E.E.C. and U.K. (59)]

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

[Need to offer more incentive to the Sea Food industry to step up exports. (60)]

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

[Need to abolish the export duty on coir yarn and coir goods. (61)]

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

[Need to immediately implement the decision regarding the scheme of canalising import of raw cashew by some Government agency. (62)]

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

[Need to associate the Kerala Cashew Development Corporation in the import and distribution of raw cashew. (63)]

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

[Need to fix a remunerative price for Indian natural rubber on the basis of the Tariff Commission Report. (64)]

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

[Need to evolve a correct policy regarding import of rubber. (65)]

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

[Neglect of tea gardens by the foreign plants in spite of replantation incentives by Tea Board. (66)]

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

[Need to give financial help for the implementation of the coir development scheme proposed by the Kerala Government. (67)]

MR. CHAIRMAN : The cut Motions are also before the House.

SHRI KAMALNAYAN BAJAJ (Wardha) : The Government publicity machinery has been used to give a rosy picture of progress and quick decision in foreign trade matters. While the Foreign Trade Ministry's performance may be somewhat better than that of the other Ministries, delay is taking place in taking decisions and implementation, and because of that the results are not achieved to the extent that should have been possible.

18.09 hrs.

[SHRI PRAKASH VIR SHASTRI in the Chair.]

For example, in regard to the scheme of guarantee to cover Indian investment abroad, the committee which was appointed submitted a unanimous report in December, 1967. In the committee there were representatives of the Government and also of the E.C.G.C. Though it is over two years now, nothing has been heard about a decision on this report. Such a delay in such an important matter naturally has held up many of the foreign collaborations or Indian investment in foreign countries.

On the question of developing exports and export capabilities the decision of the Government on Dutta Committee was announced on the 18th February and it was hinted that export production will be given preferential treatment. On the 31st March, the import policy was announced and it was said that the policy and procedure are being evolved. But nothing has been heard in this matter, and such delays naturally hold up the export production, and those who are exporting their goods do not know what are the exact procedures or what are the policies. So, delay in these matters should not occur because it costs us heavily.

About two years ago, the Government had announced their intention that a resolution on export policy would be made just like the industrial policy resolution which has been made. But nothing has been done so far in the last two years or so. These delays are some of the things whereby neither the decisions are made nor the time-factor is taken into account, because of which our exports are suffering.

The US AID has given monetary assistance to us for making many studies. The studies have been conducted and their reports have been submitted to the Ministry. But no decisions have been taken, as far as I know, on any of the recommendations or the findings of such committees. What is the use of studying these problems and spending money, even if it were foreign money, given by friendly countries who are assisting us by giving money? Even if it is their money, what is the use of spending it if we are not taking

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advantage of their findings after spending that money in our country, and after the study team gives its report and no action or decision is taken in these matters ?

On the question of export duties, our Government's policy is not very clear. Generally, it should not be considered as a source of revenue, because when the export duties are levied it should not be considered from the point of view of revenue, because, if the companies or the industries export more, and supposing they make some profit, then the companies will be taxed on those profits, and you will get revenue otherwise. But if you levy export duty on that, it hinders the export unnecessarily, and for that reason, the temptation for getting revenue from the export duties should be completely avoided. I would grant that there are some raw materials which we are exporting and which are needed in our country. There, if a protective export duty is levied, then those essential raw materials will be conserved in our country and it will help us to produce more finished goods, and those finished goods can be utilised in our country and can also be exported. To give protection to the conservation of the raw materials in our country if the export duty is levied, it is understandable, but not on the export of our goods because, then, we are not in a position to compete with the international market as we ought to do. Even if some profits are there, that incentive should be there, because, after all, 55 per cent of the taxation of Government is obtained from industrial activities; you get that. Whether you get it as export duty or company tax, it does not really matter very much.

Apart from that, when you tax the companies, to some extent it may meet the losses that you may suffer because you may not have put the export duties, but the advantage will be, there will be more employment and there will be foreign exchange earnings and there will be a reduction of costs on our products, and consequently the prices will also be reduced.

Let us compare our export figures, as they have been mentioned, with the world export figures. In 1961 our percentage in the total world exports was 1.2 per cent. In 1968, it has come

down to 0.8 per cent. If it was 100 in 1961, in 1968 it was only 66. In 1961, the total world exports were \$1,80,000 million. In 1968 it was \$2,12,800 million. That means, the total increase in the world exports in these years was 79.4 per cent. USA increased their total exports by 64.8 per cent, West Germany by 95.3 per cent, Japan by 306.2 per cent, Hong Kong by 253.5 per cent, Korea by 1109.7 per cent and Libya by 8527 per cent. Of course, it is a special case because they found oil, which is not comparable. But our exports increased only by 26.3 per cent. Our share in the total world exports has been reduced from 1.2 to 0.8 per cent. We are not increasing our exports to the extent we ought to do. On the other hand, our exports are going down in the context of the world picture.

In the financial year 1969-70 our exports may go upto about Rs. 1420 crores as compared to Rs. 1360 crores in 1968-69. This is not satisfactory. It is only an increase of about 4 to 4.5 per cent. In many traditional products like jute, tea and oilcake, there will be a serious shortfall in export. If we compare it with our performance in 1964-65, which was a reasonable year in the pre-devaluation period, in the last five years, our exports cumulatively increased only by 10 per cent. In 1964-65 our exports were Rs. 1286 crores at post devaluation rates. In 1969-70, it is estimated that it might be Rs. 1420 crores. This works out to a simple rate of increase of less than 2 per cent per year.

SHRI S. R. DAMANI (Sholapur) : Have you taken into account the recession and the failure of the monsoon ?

SHRI KAMALNAYAN BAJAJ : But recession does not extend to so many years. It should have picked up very fast.

While our target has been 7 per cent compound every year, we have achieved only 2 per cent simple rate of expansion.

Before our independence and after our beloved leader like Jawaharlal Nehru and others felt for the independence and political freedom of many suppressed and dependent countries. But thereafter that policy has not been pursued vigorously by our government.

We should give assistance for the economic development of those countries which are under-developed or which are trying to develop and which have not reached the stage which we have reached. Fortunately for us, we have got a lead in economic development. So, it is up to the Ministry of Foreign Trade, in collaboration with the Ministries of Industries, Finance and External Affairs to prepare a comprehensive scheme by which many industries could be started in Africa, West Asia and South East Asia, wherever there is scope and necessity.

To-day certain facilities are given to big business people and those who have bases in foreign countries to start projects in foreign countries. Small industrialists and people who have no base in foreign countries find it very costly to negotiate with foreign countries and they are not in a position to do so. So, the Foreign Trade Ministry must make a survey of those under-developed countries and come out with a programme. For example, the Ministry could tell the industrialists that we will start a dozen sugar factories, cement factories or textile mills, if not more, in those countries, these are the facilities which we will give, how many of you would like to avail of this. An assurance should be given that if for political or military reason our investment is lost, then the government will insure it. For that purpose, the guarantee which has been suggested in the guarantee report should be fully implemented.

If there is such a comprehensive scheme, it will help us in many ways. When we go to develop those countries economically, we will put up so many factories in those countries. We will manufacture capital goods in our country for those industries. Now those plants in our country are not working to full capacity because there is not market. If we have such a scheme, we will be exporting capital goods. At the same time, we will earn the goodwill of those countries. We will also have a good market for our spare parts and our technical know-how

In addition to all this, we will get from our business people there an independent intelligence service on commerce, trade and business which will be very useful for formulating our foreign policy. Then we can compare

the reports which we get through government agencies with the report of the business people. We also can know the reactions of the business people and the common people abroad to our policies and shape or formulate our foreign policies in the light of that.

If we get our reports only through our Embassies it will not be sufficient. Of course, we have our Trade representatives in the embassies. But they are not accustomed to trade and business. So, really speaking, they should not be there. On the other hand, you should invite people from business and trade to take up this service as a national service. You can recruit them on a contract basis for three to five years. If such business people are associated with our Embassies, I have no doubt that our export can be built up very fast and very quickly. We have enough resources for that. If only a certain amount of facilities and contacts are provided, we can do very well. Today desk work is done in embassies. If you want some addresses, they give you the names of the parties and so on; otherwise, full information is not available and for a small man to go there becomes very difficult.

In the report of the Ministry of Foreign Trade for 1969-70 they mention at page 29 :—

“Upto the end of December, 1969, 90 projects have been approved by the Government of India which include 6 projects approved during the year under review.”

This is about projects outside the country. In the whole year they have approved only six projects. The projects completed so far are only 17 in number. That shows with what speed we are building up projects outside our country. I do not have the figures but I do not think that there will be more than half a dozen parties which have built up these 17 projects. I have no grudge against them; they have done national service. I have all appreciation for them, but the Foreign Trade Ministry should evolve a policy by which those who do not have any access in foreign countries should, with the assistance of the External Affairs Ministry and the Foreign Trade Ministry, be able to put up big and small factories outside the countries

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with the guidance of Government. Unless such a policy is enunciated, it will be tall talk and we cannot get the sympathy of the brotherly and neighbourly nations which is so much important for us. Apart from that, it will help us and help them. I am not suggesting any exploitation in it. If they are underdeveloped, we help them to develop and, at the same time, it helps us to export our technical know-how, material and many other things.

Last year or a year and a half ago the prices of some commodities were very low. Because of their international shortage, the prices shot up. Many people in the industry had a contractual obligation which they had entered into the foreign market after which the prices had gone up. When they entered into the contractual obligations, they had the consent of the Government of India that the necessary raw material that would be needed would be given from the public sector. Unfortunately, the public sector was not able to give them as much as was anticipated of them to produce. That gave a handle to the individual parties to cancel some of those contractual obligations abroad. It suited the individual parties because if they sold it again they got higher prices. It saved them money for a short while but in the international market we lose our face and those countries lose faith and confidence. In the international market our country gets a bad name. For that reason, even if we have to suffer privation in the country, specially when the parties have taken the consent of the Government of India and then contracted to export, it should have been adhered to whatever the suffering that had to be gone through domestically. Many of these contracts have either been reduced in quantity or increased in price because the foreigners know that if they did not do this they might not get anything at all. Under such compulsion they must not be made to agree. If possible, we should find out a way—even if it is delayed a little—so that our contractual obligations are honoured and the country's prestige is maintained.

I have one thing more very important to say. Very often in private talks ministers make a suggestion or give a hint—I do not want to name them; there are quite a lot of them—that when

the leaders of industry come in a representation of the association to which they belong, they say one thing but when they meet privately they say something else. I would ask the Minister, if any big or small businessmen give a representation on behalf of an association or through a public body and they say something else when they meet privately, to expose them. It is in the national interest. You don't hear them at all. You ask them to give in writing and produce it before the public so that such people will be exposed publicly and even the associations will reject them. Otherwise, it becomes very difficult for the associations to take any action on them. You give them a hearing which is not in the national interest. Such people should be exposed.

In the S.T.C. business methods, there has been some improvement and I am happy about it. The redtapism, the delay and the bureaucratic approach to the entire problem is to be dealt with when you want to canalise all imports which are very essential for the industry. Very often, they make a mistake either in taking the goods or in importing them in the matter of right type of quality and proper specifications. For that reason, we are not in a position to produce the right type of quality which is very essential specially for the export market and even for our own market. Why should we suffer as far as the quality is concerned? For that reason, if there are any alternative agencies or some individuals, specially, those who are manufacturing the product, should be allowed to import directly so that they can plan out properly and the industry will not suffer.

Even in respect of cotton which used to be imported, it was the practice in the past that cotton used to be generally distributed according to the past performance, according to the performance of the previous year, to the textile mills who needed it. But some policy change has been made by which cotton is now distributed on the basis of spindles to such mills who have never used imported cotton in the past and they never need it. They cannot use it... (Interruption)

SHRI S. K. TAPURIAH (Pali) : He will get a chance to speak. Why should he interrupt now like this? We will not allow him to interrupt like this.

SHRI KAMALNAYAN BAJAJ : But this is my information. Mr. Damani is in the textile mills whereas I am not. So, his information may be correct. If I am wrong I will be very happy. If I am right, let the Minister look into it and answer it when he replies.

Then, the Finance Ministry has announced a certain amount of relaxation for the Indian tourists abroad. They have also mentioned that if you go there with 100 dollars which is not very much, Rs. 750 worth foreign exchange, and if you stay longer, no questions will be asked. Does it not suggest that you can go and manage your money anyhow and do that? Many people are already doing it. Supposing somebody is caught, if he is caught in our country, you will prosecute him and he will suffer. Many innocent people will be trapped in that.

Again, why do you encourage them to buy foreign exchange from the black market? For that, the Government can evolve a policy. Many countries do that. They can have two rates of exchange. For a subsidy to travel abroad, if the open market rate is, say, Rs. 12 or something today, they can sell it at Rs. 10 or a little less or a little more. Whatever you sanction officially, you can sanction at the official rate. If the Reserve Bank sells it, then the profit will go to the Government and not to a private party. That scheme should be evolved. Further, individuals will not be compelled to do a wrong thing. These things should be looked into. Even with regard to the sick mills that are being looked after by the Government, before we take the sick mills we should also try to see that the mills which are working now, are allowed to modernise and given proper assistance. Otherwise, they will become sick tomorrow. We should see that prevention is done there. The textile mills are given under your Ministry because it has an export potential and for that reason you should make them efficient and see that these mills are able to modernise so that they may not become sick hereafter and with regard to other mills which are already sick, efforts should be made to run them efficiently. Sometimes it is better that some of these mills which are beyond redemption are scrapped and the labour employed elsewhere or given loans or

even doles. Otherwise, loss in running those mills will be more than the doles that you may give.

SHRI M. SUDARSANAM (Narasaraopet) : While supporting the demands for grants of the Foreign Trade Ministry, I compliment the Minister, his Deputy and the band of officials headed by Mr. K. B. Lall, for their wonderful achievements during the year. The report now circulated bears ample testimony to the excellent performance during the year. We have tremendous potentialities for export development for traditional and in other lines also. But, still, we are not in line with very many developing countries, not to speak of the developed countries. So, we have to do a lot and plan in a better fashion to see that we come on par with the other developing countries.

Export growth this year was of the tune of 4.5%. But in the previous year it was 10.5% making an average of 7%. It is quite in line with the plan estimates. It is not so bad as Mr. Bajaj thinks. The adverse trade balance has been considerably narrowed down. Even during January 1970 it was a surplus trade balance and this is really an excellent job. Still, we have to pay large sums towards interest on our various borrowings from overseas countries. So, we have to do a lot for further improvement on our export side.

I find from the report that the Foreign Trade Development Wing in the Ministry is concerned, among other things, with product development. There is also an Export Industries Division which looks after the industries that fall under the purview of the Ministry. The basic question to which a reference was made prominently in announcing the foreign trade policy on the 31st March is the question of giving adequate orientation to industrial licensing policy to step up the export effort. I will make bold to say that while this Government cannot afford to ignore the need for preventing monopolistic trends and the like, the question of creation of additional capacity to generate supplies to meet the internal demand, even by bringing about some relaxation in the concepts in industrial licensing policy is urgently called for. No nation can bring about increase in exports on

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a permanent basis without generating additional supplies. I think this fact must be recognised fully so that export production and its expansion, modernisation and diversification receives the highest priority. I understand, Sir, that this Government are considering the question of setting up an Export Trade Development Agency. Shri Bhagat has reiterated this proposal at the meeting of the Exporters' Club in Madras on the 5th of this month. I imagine that this is a very sound proposal although I am not quite sure, yet, whether the exporters cannot be helped in matters concerning marketing, merchandising, research and development and financial advice even under the present set up. Perhaps the setting up of the new Agency may impart a new dynamism and to that extent, it should be welcome. This Agency should not be run in the normal way in which Government departments work. It will more than fulfil its task if it functioned as a real vehicle for export promotion, both in the field of production and marketing.

In this connection, I wish to make a reference to the nine studies that have already been completed with the help of the U.S. AID on various commodities that play an important role in our export effort. Unfortunately, the task of implementation is not what it should be. Is it of any use that voluminous reports are prepared, valuable data gathered and also perhaps disseminated, without resulting in concrete action? I would earnestly plead that either the Export Trade Development Agency or some other organisation must examine how an action-oriented approach can be brought about in implementation of the valuable recommendations made in these studies, from time to time.

I understand, the question of issuing an Export Policy Resolution was discussed some years ago at a meeting of the Board of Trade. The question has been under Government's consideration from time to time, but no mention of this point has been made in the Report of the Ministry just circulated. I think that like the Industrial Policy Resolution, we should have an Export Policy Resolution to make the nation realise the importance of exports. Indeed the need for a Resolution flows from the fact that with the rising pros-

perity at home, there will be a greater consumption of goods produced domestically. Constraints on domestic consumption are, to my mind, not the best way of promoting exports. What is required is to promote production and if the Export Policy Resolution can be phrased and implemented to impart a new sense of urgency to the need for augmenting production, it would be a good step.

Chapter VII of this Report makes a mention of the International Conferences with which the Ministry is directly concerned. I have noticed in my discussions with businessmen abroad that they are very familiar with the thinking of Government on the various commercial policy matters that come up before the International Conferences. This is perhaps not so in India, at any rate, to the same extent, as in many other countries. I think this lacuna, which needs to be corrected, flows from the inadequate manner in which businessmen and Members of Parliament are associated with these Conferences as well as the various trade negotiations that take place. I consider it of highest importance that the association of Members of Parliament with the Conferences and even trade negotiations should be intimate. I had the privilege of being associated with the Indian Delegation at the UNCTAD-II. This not only helped me to understand the intricacies of international economic negotiations, but also resulted in a greater realisation of the manner in which actual international trade should be conducted. In the matter of trade negotiations and conclusions of Trade Agreements, I find that the business community has not been taken into as much confidence as it should be. I would, therefore, strongly plead that we should give a fresh look at the problem of seeking expert advice not in perfunctory and casual manner, but in a very systematic and planned basis. May I, in this connection, refer to the question of evolving an integrated strategy for Regional Economic Cooperation to which a reference has been made in the Report? From my intimate experience of the working of Chambers of Commerce and Industrial and Trade Associations, I find that too many organisations deal with the same types of problems. For example, there is the Apex organisation, FICCI. Then, as Central organisations, we have the Associated Chambers of Commerce and

Industry, All-India Manufacturers' Organisation and the newly-found National Alliance of Young Entrepreneurs, not to mention the Federation of Indian Export Organisations.

The last mentioned organisation receives grants from Government in line with various Export Promotion Councils numbering 19. In my opinion, it is on the basis of the Anglo-American pattern. I had an occasion to look into the working of Chambers of Commerce in West Germany and I was very much impressed by them. There every business house has to compulsorily become a member of the Chamber and this ensures them adequate income and they can liaise with Government properly and devote a large part of their energies to real promotional work. I would suggest that this matter be examined either by a Committee to be appointed by Government or by a Special Officer.

I also had an occasion to visit abroad where very many Commercial Secretaries and Trade Commissioners have become far more responsive than was the case in the past. There is a great difference and I should say that it is for the betterment of our country. My only submission is that only the officers of the Foreign Trade Ministry should be selected as commercial attaches in various countries as that will go a long way really in evolving a system by which our export trade can be improved. What we need to-day is the role of trade representatives in export promotion and proper dissemination of information. This can acquire greater importance if the procedures for dissemination of information in the Ministry of Foreign Trade are constantly improved.

Once again let me refer to our performance. In January 1970 it was of the order of Rs. 145 crores—a record performance. To this Government deserves our compliments. Let me now join my friend Shri Bajaj to say a few words with regard to export duty on tobacco. Foreign exchange earned comes to the tune of Rs. 33 crores on export of tobacco. Due to cyclone there is now going to be a tremendous fall in our export. And India will not be in a position to compete in global markets because of this heavy export duty. This is really a very serious matter. If the heavy export duty is

not immediately abolished, tobacco will not find a place in our export trade in the coming years.

Coming to the State Trading Corporation, under the guidance of Shri P. L. Tandon, the Corporation has streamlined its method and system of work. He deserves compliments for the good work done by him in this regard. The S.T.C. should pay special attention to the planning of imports so that occasional gluts and shortages are avoided. The pricing policy should be such that it does not attract unnecessary criticism of industry and trade. In fact, the new Agency which is proposed to be set up under the S.T.C., viz., the Industrial Raw Materials Assistance Centre will be able to justify its existence only if it conducts its operations in a purely businesslike and efficient manner. One more important point concerning the S.T.C. to which attention is to be drawn is the varying rates of commissions charged by it. There is, of course, some justification of having different rates of commission depending upon the nature of the commodity handled. But what is important is that the rates of commission should bear a reasonable proportion to the cost of services rendered.

Another point is that the Corporation should devise some arrangements by which the parties on whose behalf goods are imported, do not have to pay the additional burden of sales tax which is not payable on the imports. This needs examination.

Before concluding, may I refer to the reports I have received about India's participation in the Osaka Fair? I am sure, lot of foresight and planning has gone into this major participation by India. Unfortunately, there are some who have been mentioning to me that we have not made full efforts to project the new industrial image of India and we concerned ourselves a little too much with projecting our oriental image of a backward economy, a land which has a white tiger and all.

SHRI S. K. TAPURIAH: I rise to oppose the Demands of the Ministry of Foreign Trade. My Party and I feel that all these Demands of this Ministry deserve an outright rejection lock, stock and barrel, because the Ministry has failed in all the important aspects of its activities, and all the

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three major industries under the charge of this Ministry, Jute, cotton textile and tea, have been passing through a critical period.

I am not surprised at this because it is an incompetent Ministry with absolutely ignorant Ministers. To starred question No. 897 asked yesterday whether it is a fact that Government proposed to ban the export of aluminium, the Deputy Minister replies :

“The policy for the current year with regard to export of aluminium is under consideration”.

I understand on 21 March the government issued a notification which appeared in newspapers the next day, banning the export of aluminium. It is a different thing when later on protest was made internally by the Ministry to the Prime Minister, but as things stand, the export has been banned and no clarification has been made. If this is how they function where a Minister in charge of export does not know whether a commodity can be exported or not, I am not surprised at the result.

As I comb through the statistics provided in the report, I cannot resist the temptation of comparing them with a bikini bathing suit. It has been said of the bikini bathing suit that what it reveals is suggestive but what it hides is vital. The same is the case here. If you go through the statistics, it mentions a 3.9 per cent rise in exports in 1969. But it fails to mention that this rise was against a planned target of 7 per cent combined growth which only early last year they had set themselves, and that this rise was less than half of the 8.7 per cent growth achieved in 1968.

Further if you closely scrutinise the 21 major items which constitute nearly 80 per cent of the total export trade of India, you will find that in 12 of these, the performance in 1969 has been poorer than earlier records. If you go elsewhere, away from this report, to see further, you will find that India's share in total world exports have gone down from 1.2 per cent in 1961 to 0.7 per cent in 1969.

SHRI KAMALNAYAN BAJAJ: 0.8.

SHRI S. K. TAPURIAH: I had checked it up. Anyway, the Ministry tries to justify the slow-down in growth by saying :

“An important reason for the decline in rate of growth in exports was the generally unfavourable world trade conditions that obtained during the period under review”.

I believed him for a moment, but when I got the latest issue of International Financial Statistics provided by the IMF, I found that world exports rose by nearly 14 per cent against less than 12 per cent in 1968”. The trend has not declined.

Again, these figures reveal that while India's exports rose by only 80 million dollars in 1969, the rise of world exports was a massive 30,000 million dollars from \$220,000 million in 1968 to \$254,000 million in 1969.

I thought probably we were passing through a bad time ourselves, all the Asian countries were passing through a bad time. So I tried to look into the records of performance by our neighbours in South East Asia and South Asia. I found that during 1969, the rise in exports of Hongkong, Malaysia, Korea, and Singapore were to the tune of 25, 24, 30 and 22 per cent respectively. Where then was the slow-down world trade ?

The report again goes to say that “with a view to arrest deceleration in the rate of growth of exports in the latter half of the year under review, the Ministry on the recommendation of the Board of Trade formulated and launched a crash programme of exports in December 1968”. Why so late? Right from June onwards, I am sure the Minister will bare me out, we had been warning Government in this House and in Consultative Committee that with the pick-up in domestic demand, the surplus available for export would be going down; and it will affect our exports and you must wake up and do something. They waited till December. There are people like Mr. Damani who even now say that because of the recession exports were not larger, and so, I am glad that the Ministry says that it is because of internal demand rising. Thank to goodness that Mr. Damani could not prevail on Mr. Bhagat, otherwise we would have been in a worse

mess than we are now in. What has the Government done since the resolution? Where is the Committee on Steel Allocation? Are the export efforts in steel products not being vitiated by the unilateral actions of the Ministry of Steel and Heavy Engineering over your heads? Have they not time and again without consulting you taken decisions for withdrawal of incentives, for banning certain items and the categories of steel? It is quick decisions like this without your knowledge that hamper your exports today and they will hamper your re-entry again at a future date. If the Steel Allocation Committee had been formed and you had yourself decided, probably they would have been able to warn you and probably would have awakened you in time to resist these wrong decisions of other Ministries.

The allocation of billets etc. for exporting units is also made by the Joint Plant Committee which is a hot house of corruption. In reply to a question, the Government have stated that while billets for exports were to be allotted to exporters on the basis of average monthly export during a certain base period, on going through this long list I find that a few favoured people have got a little more than their export performance, that most of them got less than what their export performance, that most of them got less than what their export performance gave them a right to, and that there is one firm which has been given twice the installed capacity of the unit. How can you give more than the installed capacity? Is it not a clear licence to blackmarketing while this Government says it is against blackmarketing? How did it take place and what machinery do the Government have to check such actions? Compassion, charity and generosity are noble virtues, but a Government has to be just before it is generous, and I would like the Minister to announce when he replies what machinery he is going to set up to check these malpractices and what steps he is going to take to see, since his efforts of exports are vitally connected, that a representative of the Ministry of Foreign Trade is included in the Joint Plant Committee. I know that the other Ministry will object to it, but since your efforts are primary for our exports, they have to yield. It is a fair demand. Charges of nepotism and corruption have been made and you tell us what steps you are taking

for enquiring into them and whether you succeed in getting your representative there.

Why has the Board of Trade not been reconstructed? You talk of a crash programme, but the Board of Trade expired on 31st January and still it has not been reconstituted. Is this the way to show that you really mean a crash programme? Or, is this meant only as a slogan so that the exporters may feel that this is the best time for them?

I would like to give an idea of what I would recommend to the Government by way of measures to be taken for export promotion.

Stability in export policies must be maintained.

Import of raw material for use in production of exportable goods must be liberalised.

Installation of new capacity and expansion of existing ones in export-based industries must be freely allowed.

Area-wise concentration of efforts will bring better results. As an example I may point out that the total import bill of South East Asia for one year runs to Rs. 20,000 crores. If we can concentrate all our efforts on that area and get even five per cent of the market, we will find that our exports double. It is better than selling all sorts of commodities all over the world.

19 hrs.

Revision of existing collaboration agreements should be made to allow free export franchise. The studies of the Reserve Bank of India and Dutt Committee reveal that nearly 65 per cent of the present foreign collaboration agreements have export restrictions of some sort or the other. This should be done away with.

And, a realistic appraisal of export duties is called for; where export duties hamper export efforts, they should be removed.

To sum up, my points on exports, I can just say that your exports can pick up and move at a faster pace if you will encourage production, rationalise export duties and stabilise your policies for export incentives and if you

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will, so to say, throw the reins upon the horses neck. We have a strong horse. It is a small horse, but he is a potential winner. Alas! he has been bitted and bridled and hobbled and battered that he can hardly move.

सभापति महोदय : माननीय सदस्य अपना भाषण कल जारी रखें ।

SHRI S. K. TAPURIAH : I will continue tomorrow.

19.02 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Friday, April 10, 1970 (Chaitra 20, 1892 (Saka).