

study, we make a review of the price trends, and then a decision is taken.

**SHRI UTTAM RATHOD :** Is it a fact that the Millowners Association generally guide you in fixing the targets? Our main anxiety is that you are guided by them.

**SHRI CHANDRA SHEKHAR SINGH :** There is nothing like that. The millowners also have their right to place their case before us. The cotton-growers also have equal right and their interests are fully safeguarded.

**Decline in Export of Engineering  
Goods During Sixth Five Year  
Plan**

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\*617. **SHRI BRAJAMOHAN  
MOHANTY :**  
**SHRI MOHANBHAI PATEL :**

Will the Minister of COMMERCE be pleased to state :

(a) whether the export of engineering goods has declined during the Sixth Five Year Plan period;

(b) if so, the reasons therefor;

(c) whether the Indian engineering goods are not being competitive in the international market; and

(d) the areas in which the decline in export of engineering goods is more manifest?

**THE MINISTER OF STATE IN THE  
MINISTRY OF COMMERCE (SHRI P. A.  
SANGMA) :** (a) No, Sir.

(b) Does not arise.

(c) Many of the Indian engineering goods are becoming uncompetitive in the international markets mainly on account of high cost of inputs and high shipping freight.

(d) There has been no decline in aggregate exports of engineering goods during the Sixth Five Year Plan as compared to the Fifth Five Year Plan. Even if we take the broad groups capital *viz* goods; primary

steel and pig iron based items; non-ferrous based items; consumer durables and management and technical consultancy, there has been no fall in exports in any of these areas during the Sixth Plan.

**SHRI BRAJAMOHAN MOHANTY :** Plan-wise, the figures may not be less. As a matter of fact, this year's Annual Report of the Ministry of Commerce has categorically stated that the export of engineering goods, *viz.*, machinery and transport equipment, metal manufacturers, which did not do well in the previous year showed some pick-up during the first half of 1984-85. The previous year Annual Report also indicates on page 8 paragraph 5...

**MR. DEPUTY SPEAKER :** There is no need to quote. Put the question.

**SHRI BRAJAMOHAN MOHANTY :** He cannot understand...

**MR. DEPUTY SPEAKER :** Put the question.

**SHRI BRAJAMOHAN MOHANTY :** My question is this. There are constraints mentioned in the last year's Annual Report of the Commerce Ministry, and there are constraints mentioned in this year's Annual Report. I want to know whether those constraints which were mentioned in the last year's Report and which are not mentioned in this year's Report have been sorted out or removed. I am trying to mention specifically two or three things ..

**MR. DEPUTY SPEAKER :** He will answer.

**SHRI BRAJAMOHAN MOHANTY :** Otherwise, the answer will be evasive. My submission is this. Last year there was competition from China. I want to know whether we have met that. There was also our inability to manufacture the type and range of products required in the importing countries. I want to know whether that has been met. Some constraints were mentioned in the last year's Report relating to payment difficulties in Nigeria and other African countries. I want to know whether those things have been sorted out. Another thing is whether

the Soviet Union has been persuaded to purchase more than it did last year. The question is only one: namely, whether the constraints which were mentioned in the last year's Report and which are not included as constraints in this year's Report have been removed or sorted out.

**SHRI P. A. SANGMA :** The Hon. Member has asked the question whether there has been a decline during the Sixth Five Year Plan. Now the exports of engineering products during the Fifth Five Year Plan was to the tune of Rs. 3037.47 crores. During the Sixth Plan minus the last 3 months, the exports were of the order of Rs. 5246.16 crores, which shows an increase of 72.71%. So if we take the Fifth Plan and the Sixth Plan there has been no decline. But it is true that if we take some individual items there has been decline in some of the items. But there are thousands of items in this engineering group and we have sub-divided it into 5 groups and even if we take these five groups which I have mentioned in my main answer, there has been no decline. But there are individual products which I can name but I do not think I should take the time of the House by naming all the items, where there has been a decline.

As far as constraints, as has been mentioned, it has been our constant endeavour to overcome the constraints. There are two types of constraints—one, constraints pertaining to our own country which we try to remove and try to improve it. There are constraints beyond our reach like the protectionist tendencies which exist in the world. If you look at the figures of the global trade in engineering exports, we see that even in the global picture it has been coming down in the last 3 to 4 years. When we talk to our partners during the bilateral talks, we try to impress upon them and we always make efforts to remove all those constraints.

**SHRI BRAJAMOHAN MOHANTY :** My question was: whether the Soviet Union was persuaded to purchase more, whether our payment difficulties with the African countries have been sorted out and whether the Chinese competition has been overcome. These specific questions I have put. However, the answer is not there.

My next question is: in the action plan for engineering exports they have adopted two major steps. One was regarding exploring the possibility of better participation of Indian firms in aided projects and (2) exploring better avenue for product exports by means of joint tendering and sub-contracting with renowned prime contractor in West Europe, Japan and USA. My question would be: what has been the progress in this regard?

**SHRI P. A. SANGMA :** It is a very wide question. Unless the Hon. Member puts me a specific question on a specific country and gives me notice, I don't think I will be able to answer the question.

**SHRI BRAJAMOHAN MOHANTY :** What is the progress—I want to know. If the information is there, it is all right. Otherwise he can collect and place it on the Table of the House.

**SHRI P. A. SANGMA :** It is a very wide question. For example, take this joint venture. Whenever there is a bilateral talk, we discuss on this issue. We come to an agreement that we should enter into it. We ask the parties to explore it. I cannot furnish the information regarding the whole world. It is not possible.

**SHRI C. P. THAKUR :** I would like to ask the Minister whether we are not able to compete with the other countries on the ground of costs or quality. If it is on the ground of costs, India having a cheap labour, the costs should not be high. So what is the actual ground on which we are not able to compete with the foreign countries?

**SHRI P. A. SANGMA :** We have to compete on both angles—quality as well as the cost. Though the Indian labour is cheap as the Hon. Member has said, the cost of labour is not the only factor in determining the cost of production. It is the raw materials and many other inputs like power etc. which contribute to the cost. If we make a comparative study our cost of production is much higher than other countries. That is why we are not able to compete. One of the reasons why our goods are not competitive is because our cost of production is high on account of the inputs.

**SHRI PRIYA RANJAN DAS MUNSI :** The Hon. Minister has stated that our prices are not competitive in the international market because of huge cost of production etc. Does the Minister know the fact that a large number of engineering export items inspite of LCs having been opened, the orders were cancelled. On account of the poor quality they were rejected and sent back to India. If so, what steps the Minister is going to take in this regard because it is not enhancing our reputation abroad? Long back India used to export a large number of cycles to African countries. What has happened in the last few years is that the quality of cycles is such that those who had placed the orders have started cancelling the orders inspite of opening LCs. Although the cost of production in North Korea and South Korea is more than that of India yet they are competing in the international market.

**SHRI P. A. SANGMA :** As far as the quality of goods is concerned I agree with the Hon. Members that we need to improve the quality and we have to upgrade our technology. It is with this idea that in this year's policy which we have just announced we have made accessibility of the inputs more liberal as far as the technology is concerned. It is only because we want our industry to go in for upgrading the technology and modernise. Why our industry has not modernised is because we have such a large domestic market that they do not feel it necessary to modernise it. So, we have not been able to compete in the international market. Now, we are going towards improving it and that is why the policy has been framed in that manner.

[*Translation*]

**SHRI GIRDHARI LAL VYAS :** As the Hon. Minister has just now told us that the quality of engineering goods is deteriorating and as a result there is a decline in exports, I would like to ask the Hon. Minister what steps have been taken to push up exports and to improve the quality of the goods.

[*English*]

**SHRI P. A. SANGMA :** We have taken several steps. In the beginning I mentioned

the raw-materials are costly. We have come out with a scheme whereby we try to supply raw-materials to the industry.

[*Translation*]

**SHRI GIRDHARI LAL VYAS :** What steps have been taken to improve the quality?

[*English*]

**SHRI P. A. SANGMA :** I have already answered this question. We have to improve the quality and, therefore, we are telling them to upgrade the technology. Unless the present technology is upgraded and unless the industry goes in for modernisation the quality cannot improve. In order to modernise the industry we have to make the technology available to them. That is why we have formulated a policy where the import of technology has been made liberal.

#### Steel Import Bills

\*618. **SHRI MUKUL WASNIK :** Will the Minister of STEEL, MINES AND COAL be pleased to state :

(a) whether it is a fact that on an average steel import bills have touched rupees 1100 crores annually since 1981-82 till 1983-84;

(b) if so, the details of items imported each year and countries from which those were imported, alongwith total cost of import of steel made in 1984-85;

(c) whether the production programme had been chalked out by the five integrated steel plants so as to avoid these imports; and

(d) if so, the reasons for such huge import bills?

**THE MINISTER OF STATE IN THE DEPARTMENT OF STEEL (SHRI K. NATWAR SINGH) :** (a) to (d). A Statement is laid on the Table of the House.